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DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION

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DEPARTMENT OF PUBLIC SERVICE REGULATION  
PUBLIC SERVICE COMMISSION  
NARRATIVE BUDGET JUSTIFICATION

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# DEPARTMENT OF PUBLIC SERVICE REGULATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	46.00	46.00	46.00	1.00	47.00	46.00	2.00	48.00
Personal Services	1,372,336.06	1,372,335	1,525,671	33,087	1,558,758	1,524,640	63,043	1,587,683
Operating Expenses	304,111.47	304,111	388,150	13,176	401,326	389,550	122,864	512,414
Equipment	45,910.82	45,910	21,520	30,296	51,816	21,520	20,559	42,079
Total Agency Costs	\$1,722,358.35	\$1,722,356	\$1,935,341	\$76,559	\$2,011,900	\$1,935,710	\$206,466	\$2,142,176
General Fund	1,683,402.36	1,683,400	1,889,823	76,159	1,965,982	1,890,192	206,066	2,096,258
Federal Special Revenue Fund	21,780.03	21,780	25,518	400	25,918	25,518	400	25,918
Proprietary Fund	17,175.96	17,176	20,000	0	20,000	20,000	0	20,000
Total Funding Costs	\$1,722,358.35	\$1,722,356	\$1,935,341	\$76,559	\$2,011,900	\$1,935,710	\$206,466	\$2,142,176

## MISSION AND GENERAL DESCRIPTION OF THE AGENCY:

The Department of Public Service Regulation regulates the public utility, motor carrier, and railroad industries to provide safe, reliable, and adequate services at the lowest achievable cost to the consumers while concurrently providing the regulated industries with a fair and reasonable return on their investment for the services rendered.

## AGENCY ORGANIZATION:

The Department of Public Service Regulation consists of five Commissioners, elected by district by the people at a general election. Statute mandates one of the Commissioners be designated Chairman by approval and consent of a majority of the Commissioners. Any vacancy occurring in the Commission shall be filled through appointment by the Governor, and such appointee shall hold office until the next general election.

Commissioner Danny Oberg .....(District No. 1)  
Commissioner Wallace W. "Wally" Mercer....(District No. 2)  
Commissioner Robert Anderson .....(District No. 3)

Commissioner John Driscoll.....(District No. 4)  
Commissioner Howard Ellis .....(District No. 5)

The Commission's operations consist of the following four divisions:

- Centralized Services Division
- Legal Division
- Transportation Division
- Utility Division

Each division has an administrator which form the Agency Coordinating Team (ACT). The ACT is responsible for the budget and overall operation of the Commission.

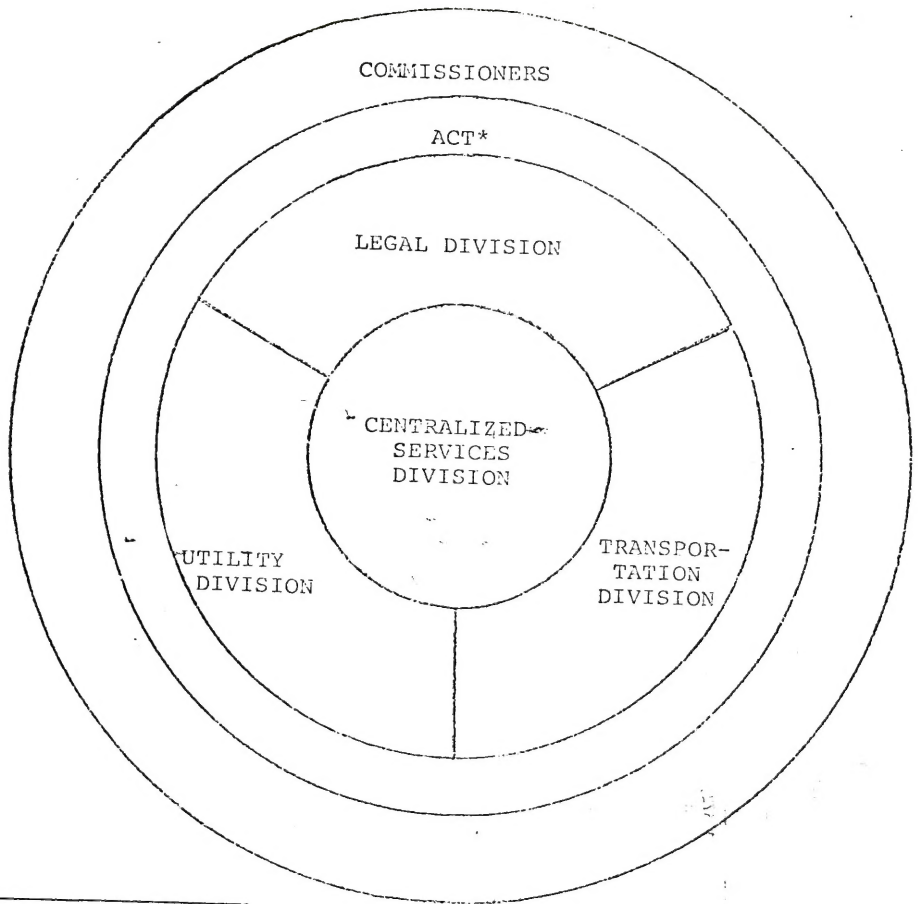
## GOALS

Centralized Services Division Goals:

- Provide general fiscal administrative support services to the Public Service Commission (PSC).
- Provide high quality training for Commissioners and staff so their services are as effective and efficient

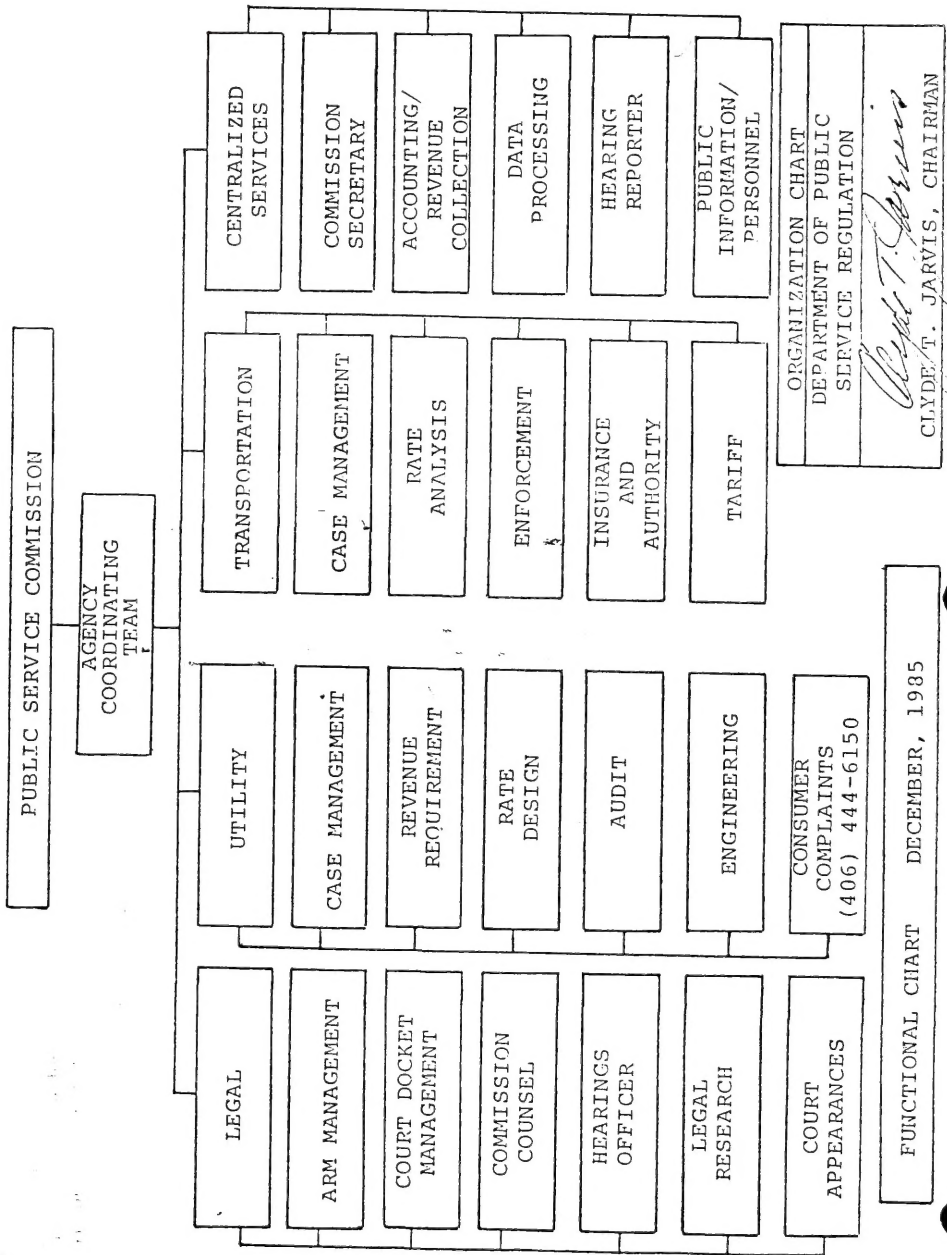
## PUBLIC SERVICE REGULATION

PUBLIC SERVICE COMMISSION



ORGANIZATION CHART
DEPARTMENT OF PUBLIC SERVICE REGULATION
June, 1983

\*Agency Coordinating Team (ACT) consists of the four Division Administrators.



as possible.

- Provide computerization and information systems for efficient processing of information for:
  - a) daily operations of staff and management and
  - b) the support of an informed, timely and professional decision-making process by the Agency.
- Design and develop library and periodical support to Commissioners and staff.
- Seek ways to improve public understanding of the PSC and its responsibilities.

#### Utility Division Goals:

- Assist the Commissioners in the regulation of the several hundred private electric, gas, telephone and water utilities as well as municipal water and sewer departments throughout the state.
- Provide accounting, economic and engineering expertise to the Commission.
- Advise the Commission on whether rate levels are reasonable and efficient.
- Advise the Commission on whether customer cross-subsidy exists.
- Advise the Commission on whether certain services are competitive and should be deregulated.
- Advise the Commission on whether utilities are financially capable of attracting sufficient capital to provide adequate service, both presently and in the future.
- Provide the general public with consumer representation by investigating complaints of regulated utility actions and provide

general information on approved rates, tariffs and policies having to do with regulated utilities.

- Implement the Natural Gas Pipeline Safety Program (NGPSP) as established under Section 5 of the Natural Gas Pipeline Safety Act of 1968, as amended (49 U.S.C. 1674).
- Accomplish the necessary inspections and investigations relative to the purpose of the NGPSP.
- Investigate all serious incidents and each explosion as soon as possible after the incident has been reported to the PSC.
- Hire outside consultants to evaluate the technical data resulting from the monitoring program for Montana Power Company's natural gas pipeline project. The Commission, through an order, requires Montana Power Company to develop a monitoring procedure to monitor possible growth in girth weld cracks, to monitor pipeline stability using a caliper pig and to monitor for corrosion control. Monitoring will be performed through 1993 by Commission Order.

#### Legal Division Goals:

- Provide legal representation and advice to the Commissioners and staff in all matters requiring a legal interpretation or opinion.
- Represent the Commission in cases before the Montana District Courts, the Montana Supreme and the Federal Court System; and in contested cases at the administrative level.
- Advise the Commission in their decision-making process and administrative matters and draft orders for regulated utility and transportation cases; draft, review and testify on proposed legislation affecting the Commission; and draft rules affecting the PSC's regulations, statutes and policies.
- Respond to public and press inquiries; act as hearings

examiners or as advocacy attorneys.

- Enforce the motor carrier statutes and to monitor Federal Agencies and other State Commissions' activities and participate in certain dockets or cases.
- Hire consultants to advise and represent the PSC in matters before the Federal Energy Regulatory Commission (F.E.R.C.), the Interstate Commerce Commission (ICC) and in major proceedings before the Commission.

#### Transportation Division Goals:

- Assist the Commissioners in the regulation of all surface transportation, motor carrier and rail, within the State of Montana pursuant to Montana statutes and rules of the PSC.
- Investigate regulated motor carrier companies and business establishments to assure compliance with federal, state and other applicable laws and/or regulations.
- Enforce the state laws and regulations pertaining to commercial transportation of persons and property.
- Implement the Railroad Safety Program pursuant to Section 206(d) of the Federal Railroad Safety Act of 1970 (45 U.S.C. 435(d)) and 49 CFR 212.33.
- Provide the shipping public with consumer representation by investigating complaints of regulated motor carrier actions concerning service, freight claims, and rate charges.

#### AUTHORIZATION

Statutes MCA 2-15-2601 and MCA 2-14-2602.

#### BASE FUNDING

The Public Service Commission has one program and is funded with general fund. The amount of general fund appropriated for Commission operations is refunded by a utility tax. The amount of utility tax collected is based upon the general fund appropriated to finance the Commission.

The Public Service Commission also receives Federal funds from the Department of Transportation to fund the Natural Gas Pipeline Safety Program. This program is a 50/50 split by Federal and State Governments.

The Proprietary Funds are revenue the State receives from out-of-state utilities for reimbursable auditing expenses. There is no increase from the Fiscal Year 1991 biennium.

# PERFORMANCE INDICATORS

## Transportation Division Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<u>DOCKETS</u>				
Sale and Transfer	38	40	40	40
Rail		24	20	20
Tariff		28	35	30
Authority Requests	38	35	35	35
Declaratory Rulings	3	3	3	3
<u>MOTOR CARRIER COMPLIANCE</u>				
Trucks Checked For Compliance	5,536	5,700	5,800	5,800
Carrier Contacts (Carrier Office)	443	450	450	450
Vehicle Identification				
Stamps Issued	266,884	270,000	270,000	270,000
ICC Certificates Issued	1,823	1,850	1,850	1,850
Rate Reduction Requests	23	20	20	20
Annual Reports Reviewed	540	550	550	550
Compliance Reviews Conducted (Carrier Office)		85	100	100
Revenue Collected				
Stamps				
ICC Certificates	\$45,575	\$46,250	\$1,334,420	\$1,350,000
			\$46,250	\$46,250
<u>RAIL SAFETY</u>				
Miles of Main and Yard Track Inspected	3,251	3,300	3,300	3,300
Switches Inspected				
Main and Yard	1,336	1,350	1,350	1,350
Records		2,191	2,200	2,200
				2,200



## Utility Program Performance Indicators

### Statutory History

The Utilities program was created in 1913 (Subsection 69-3-101, et seq., MCA). Since that time, there have been numerous statutory changes increasing program responsibility. Significant legislative changes include the grant of authority and responsibility to implement provisions of the Public Utility Regulatory Policy Act of 1978 (Subsection 69-3-601, et seq., MCA) and to implement the Montana Telecommunications Act (Subsection 69-3-801, et seq., MCA). Authority was also granted to enforce certain provision of the Natural Gas Pipeline Safety Act of 1968 (Subsection 69-3-207, MCA).

### Program Operations

The Utility Division assists the Public Service Commission in regulating 306 utilities operating within Montana. These utilities render public access to gas, electricity, water, sewer and communications service. Their rates, as well as other aspects of their operations, are controlled by the Commission. The staff of the Utility Division reviews requests for rate relief received from regulated utilities, and provides advice to the Commission regarding appropriate rates and service.

The Utility Division has four operation sections: Revenue Requirements-Accounting-Audits; Rate Design-Economics; Water-Sewer; and Case Management-Customer Complaints-Pipeline Safety.

The Revenue Requirements-Accounting-Audits section assists the Commission in determining the reasonable return to be allowed a public utility that has applied to the Commission for rate relief. This section seeks to determine the cost of service of a public utility, including proper operating expenses, depreciation, taxes and a reasonable return on investments.

The Rate Design-Economics section assists the Commission in determining a reasonable method of pricing utility service in order that utility revenue recovery is assured, each customer class is fairly treated and that economic principles are preserved.

The Water-Sewer section assists the Commission in regulating water and sewer utilities, including a large number of municipal utilities. This section is also frequently called upon to provide assistance to cities and towns to aid them in compiling rate filings.

The advice given the Commission by the above sections is mainly technical/public policy advice. Seven of the Division's fourteen employees are directly involved in giving such advice. A measure of the quality of this advice is the percentage of total Division time which is devoted to studying utility and intervenor testimony and auditing their technical exhibits to prepare for Public Service Commission hearings and "work sessions". The following table displays recent history, and projected targets:

	Calendar		Fiscal Year	
	1986	1987	1988	1989
Percentage of Total Division Time	24.69	25.12	22.97	23.17
			24.25	24.25



## Utility Program Performance Indicators (cont.)

Another measure of the quality of the Division's technical advice is the time which is able to be devoted to professional development. (Consultants in the public utility business estimate that a maximum of 75% of their time is available for billable hours; the balance is professional development to insure credibility.) The following table displays recent history, and projected targets:

Percentage of Total Division Time	Calendar		Fiscal Year	
	1986	1987 1988	1992	1993
	1.82	2.10 2.47	2.25*	2.25*

\* To equal the time consultants spend on professional development, the 2.25% would need to be 11.15%.

The quantity of work processed is measured by dockets filed during each annual period, and "work sessions" participated in with the Commission. The following table depicts recent historical experience, and expectations for the future.

	Calendar		Fiscal Year	
	1987	1987 1988	1992	1993
Utility Related Dockets	79	87 64	70	70
Utility Related Work Sessions	150	207 227	250	250

### Case Management-Customer Complaints-Pipeline Safety:

The Case Management-Customer Complaints-Pipeline Safety section provides clerical support for the Utilities program. Additionally, it processes informal customer complaints filed by utility customers throughout Montana, as well as assuring that all natural gas pipelines in Montana meet the standards of the Natural Gas Pipeline Safety Act of 1968. It also investigates accidents and fatalities involving utilities.

The Pipeline Safety personnel attempt to inspect each natural gas pipeline inspection unit one time per year for compliance with Federal pipeline safety regulations. The following table displays recent history, and projected targets:

Times Each Unit Was Inspected	Calendar		Fiscal Year	
	1986	1987 1988	1992	1993
	1	1 .5 1	1.25	1.25

Federal regulations suggest two inspections per year, plus regulation of master meter operators. Pipeline Safety personnel anticipate beginning to gauge the scope of master meter regulation during Fiscal Years 1991 and 1992, with the expectation that the 1993 Legislature would be asked whether or not personnel or consulting money should be appropriated for such regulation. Additionally, to achieve the suggested two inspections per unit per year would require one additional employee; 50% of whose salary would be reimbursed by the Federal Government.

### Utility Program Performance Indicators (Cont.)

The primary responsibility of Customer Complaints personnel is to courteously, efficiently, and fairly process informal complaints lodged against public utility monopolies. The number of complaints has remained relatively constant over four prior years, and they are expected to continue within the historic boundaries.

	Calendar		Fiscal Year	
	1986	1987	1988	1989
Number of Complaints	474	494	378	501
			475	475

Clerical time to support the other professional endeavors of the Division allows those employees' to concentrate more closely on their intended purposes. New or additional clerical duties mean other professionals must devote more of their time to clerical functions. Other professionals in the Division presently perform many clerical duties. This is not expected to change. The following table displays the percentage of time which clerical employees have devoted to the Division, and expected future allocations:

	Calendar		Fiscal Year	
	1986	1987	1988	1989
Percentage of Total Division Time	12.91	11.58	8.52	11.56
			12.00	12.00

### Management Audit Program Performance Indicators -- Fiscal Year 1992 and Fiscal Year 1993

"The overall purpose of a management audit program is to promote and encourage efficient and effective utility management. In order to accomplish this, a management audit evaluates the management and operations for a company. Such an evaluation will help assure that ratepayers receive safe and adequate service at the lowest reasonable cost and assist utilities in earning their allowed rate of return on investments. A management audit program strives to achieve these purposes by performing the following functions:

Give a source of information to the responsible regulatory body describing the operations and management systems of the various types of regulated utility companies.

Providing the regulatory body, company and the public with a composite view of the relative strengths and weaknesses of the company's organization, policies, practices and procedures.

Recommending improvement in those operating policies, practices and procedures where necessary, resulting in improvements in the company's operations and achievement of cost savings for the company and ultimately the ratepayer.

Management audits have proved to be a useful regulatory tool to achieve economy and efficiency of operations and a means to enhance the regulatory commission's understanding of the utility's management process. Additionally, the audit process could be used in Montana as a vehicle for utilities and regulatory bodies to work together outside the contested case forum."

## **Management Audit Program Performance Indicators (continued)**

### **Fiscal Year 1992:**

- Conduct a study to determine the feasibility for privatizing the program.
- Establish ground rules for the program.
- Identify the most significant areas where audit expertise would be usefully applied; and prioritized them.
- Hire consultants or employees and consultants to perform audits on the most significant areas needing review.

### **Fiscal Year 1993:**

- Perform one comprehensive management audit and perform one selective review of a discrete utility function/process; or
- Perform three selective reviews of a discrete utility functions/processes.
- Collaborate with utility management to insure that recommendations are implemented.

## **Increase or Decrease from Base**

The recommended \$283,065 increase represents \$273,696 for two (2) modification requests and \$9,369 for fixed costs and inflation, which includes \$1,948 for a Legislative Financial Audit cost and \$6,892 for adjustment to rent cost.

Equipment is \$51,816 in Fiscal Year 1992 and includes the following:

- \$12,412 to replace one (1) high-mileage vehicle;
- \$4,460 to replace one (1) 1976 Motorola low-band two-way radio to allow P.S.C. enforcement officers to communicate with other enforcement agencies;
- \$8,808 for two (2) Laser Printers and Data Switches to attach to PS/2s because of speed and to take the word processing burden off the Commission's S/36, which is currently running at capacity;
- \$299 for one (1) Hayes Smart Modem 2400 to replace the 1200 to allow more efficient use with Westlaw, EPRINET, and the Michigan Public Service Commission Bulletin Board. The 1200 would be used for the State Electronic Bulletin Board;
- \$636 to replace one (1) 1982 typewriter because the Commission can no longer obtain a maintenance contract and maintenance calls and parts are expensive;

**Increase or Decrease from Base: (continued):**

- \$4,450 to replace one (1) 1986 Leading Edge PC XT that is not meeting Commission needs for RAM, memory and software requirements; and
- \$2,090 three (3) RAM upgrades for PS/2s to efficiently run present software and programs;
- \$450 color monitor;
- \$5,000 for software and software upgrades; and
- \$13,211 for computers, software and office equipment for two new FTE's.

Equipment is \$42,079 in Fiscal Year 1993 and includes the following:

- \$23,709 to replace two (2) high-mileage vehicles;
- \$8,920 to replace two (2) Motorola low-band two-way radios;
- \$4,450 to replace one (1) 1986 Leading Edge PC XT; and
- \$5,000 for software and software upgrades.

The executive budget includes an increase of \$25,000 each year of the 1993 biennium for travel and registration fees. The department and its commissioners propose to increase their participation in regional and national associations, local and interstate conferences, federal hearings before the Federal Regulatory Commission, and commission hearings around the state.

The executive budget adds 1.00 FTE in Fiscal Year 1992 and 2.00 FTE in Fiscal Year 1993 along with \$48,218 in Fiscal Year 1992 and \$175,380 in Fiscal Year 1993 to promote and encourage efficient and effective utility management. A variety of management initiatives are available which promote cost-effective delivery and/or consumption of public utilities. For instance, various technological changes can enhance the delivery and/or cost effectiveness of public utilities. The department proposes to broaden its analysis to include the operation and management systems of public utilities. The Commission plans to explore the feasibility to privatize this program. In the event privatization is a more cost-effective approach, the Commission will request the authority to transfer appropriation authority from personnel services to contracted services.

### **Other Budget Issues**

The Public Service Commissioners intend to present for legislative consideration the following issues which were not included in the Executive Budget Request:

(1) Relocation of the Public Service Commission:

The Commission requests \$272,210 above the present \$79,440 already in our budget, to move the Commission offices to a new location if a Department of Transportation is created.

(2) Exempt Positions:

The Commission requests \$15,000 each year of the biennium for additional pay for ten exempt positions above whatever pay is authorized for state employees through the pay process. The commission is requesting this increase to retain our present staff and pay them appropriately.





# *Montana Department of Fish, Wildlife & Parks*





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# Department of Fish, Wildlife and Parks

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	526.61	541.42	528.52	27.49	556.01	528.52	27.49	556.01
Personal Services	14,183,292.02	15,995,740	15,705,648	661,982	16,367,630	15,704,297	661,028	16,365,325
Operating Expenses	9,735,870.55	13,200,569	11,905,330	1,538,467	13,443,797	11,823,403	1,784,745	13,608,148
Equipment	1,825,280.12	1,490,215	1,384,745	203,203	1,587,948	1,384,745	93,172	1,477,917
Capital Outlay	3,778,907.88	4,850,921	10,000	0	10,000	10,000	0	10,000
Grants	334,088.83	240,570	552,000	262,413	814,413	552,032	262,413	814,445
Benefits and Claims	4,274.00	3,000	3,000	0	3,000	3,000	0	3,000
Transfers	2,670,142.34	3,946,127	3,335,455	571,438	3,906,893	3,288,110	818,846	4,106,956
<b>Total Agency Costs</b>	<b>\$32,531,855.74</b>	<b>\$39,727,142</b>	<b>\$32,896,178</b>	<b>\$3,237,503</b>	<b>\$36,133,681</b>	<b>\$32,765,587</b>	<b>\$3,620,204</b>	<b>\$36,385,791</b>
General Fund	0.00	0	0	750,000	750,000	0	750,000	750,000
State Special Revenue Fund	23,184,875.01	27,289,295	20,390,906	1,776,043	22,166,949	19,982,839	2,247,283	22,230,122
Federal Special Revenue Fund	7,224,444.56	10,122,996	10,200,708	689,676	10,890,384	10,455,977	616,241	11,072,218
Proprietary Fund	2,122,536.17	2,314,851	2,304,564	21,784	2,326,348	2,326,771	6,680	2,333,451
<b>Total Funding Costs</b>	<b>\$32,531,855.74</b>	<b>\$39,727,142</b>	<b>\$32,896,178</b>	<b>\$3,237,503</b>	<b>\$36,133,681</b>	<b>\$32,765,587</b>	<b>\$3,620,204</b>	<b>\$36,385,791</b>
Management Services	3,587,929.54	3,557,923	3,574,345	146,098	3,720,443	3,614,770	147,488	3,762,258
Field Services	2,509,310.24	2,903,339	2,735,398	559,874	3,295,272	2,741,415	685,434	3,426,849
Fisheries	4,518,289.89	6,112,682	5,808,427	747,431	6,555,858	5,601,263	1,009,245	6,610,508
Law Enforcement	4,203,304.31	4,609,556	4,489,004	174,627	4,663,631	4,519,429	179,214	4,698,643
Wildlife	4,731,150.97	7,973,117	7,003,924	351,570	7,355,494	7,035,071	280,590	7,315,661
Recreation & Parks	3,486,597.16	4,357,641	4,780,917	463,994	5,244,911	4,794,605	493,008	5,287,613
Capital Outlay	6,319,769.17	6,383,528	888,935	-43,492	845,443	841,590	-1	841,589
Conservation Education	1,329,986.47	1,597,568	1,495,139	107,802	1,602,941	1,504,642	110,400	1,615,042
Administration	1,845,517.99	2,231,788	2,120,089	729,599	2,849,688	2,112,802	714,826	2,827,628
<b>Total Program Costs</b>	<b>\$32,531,855.74</b>	<b>\$39,727,142</b>	<b>\$32,896,178</b>	<b>\$3,237,503</b>	<b>\$36,133,681</b>	<b>\$32,765,587</b>	<b>\$3,620,204</b>	<b>\$36,385,791</b>

## Mission and General Description of the Agency

The Montana Department of Fish, Wildlife and Parks, under the direction of the Fish and Game Commission, is legally responsible for managing the state's fish, wildlife and recreational resources.

Specific laws address the protection, preservation and propagation of game species; seasons and regulations for

fishing and hunting; protection of habitat, and preservation of nongame animals. Two sections of the law provide assent to the Acts of Congress that provide funds for fisheries (Dingell-Johnson Act) and wildlife (Pittman-Robertson Conservation Act). Department responsibilities for protection of stream habitat are set forth in the Stream Preservation Act and the Natural Streambed and Land Preservation Act.

The Department is responsible for a state park system that includes scenic, historical, cultural and recreational resources. It also administers the Land and Water Conservation Fund that supports outdoor recreational activities.

Other legal responsibilities include boat registration, water safety, litter control, snowmobile regulations, trespass laws and public safety. State laws that influence department activities include the Montana Environmental Policy Act, Flood Plain Law, Strip Mining and Utility Siting Act, subdivision laws, Water Use Act, Water Quality Act, Pesticide Act, Lakeshore Protection Act, and Renewable Resource Development Act.

Montanans' concern for the environment and natural resources is also reflected in the state's constitution. The Constitution, as revised in 1972, provides that:

"The state and each person shall maintain and improve a clean and healthful environment in Montana for present and future generations . . . . The legislature shall provide adequate remedies for the protection of the environmental life support system from degradation and provide adequate remedies to prevent unreasonable depletion and degradation of natural resources."

This constitutional provision and the associated laws form the basis for department policies on resource protection and recreational opportunities. The Department's mission is to carry out these legal mandates and policies.

## Agency Organization

The programs and functions of the Department of Fish, Wildlife and Parks are carried out through the following major organizational components:

A five-member Fish and Game Commission provides policy to the Department for resource management, seasons, and use of lands owned or controlled by the Department. Commission members are appointed by the Governor. Three members are appointed to serve terms concurrent with the gubernatorial

term. Each member is from one of five geographical areas of the state.

Reporting to the Director are two Deputy Directors and the Management Services Division Administrator. These offices provide policy formulation and program direction for each of the programs implemented under the department; maintain contacts with the Office of Budget and Program Planning; other federal and state agencies and national organizations, members of the public and; provides centralized administrative direction and procedures for department wide activities.

The Management Services Division handles all Department finance and accounting, Personnel actions, Planning efforts, Budget Development/Allocation, Federal Aid coordination, as well as providing administrative assistance and handling of special projects.

All other divisions within the Department report to the Deputy Director of staff operations and provide division level policy formulation and program direction as well as administering of division budget.

The Fisheries Division is responsible for preserving and perpetuating all aquatic species and their ecosystems and to meet the public demand for fish in state waters. Stream protection, stream access, hatcheries, lake and reservoir management are examples of some of the components of the Fisheries Division's efforts.

The Wildlife Division is responsible for management of all native wildlife species within the state. Game animals, Threatened and Endangered species programs, wildlife habitat efforts, hunting and trapping seasons, regulations and wildlife research, and technical services are examples of components of the Wildlife Division's efforts.

The Parks Division is responsible for all state parks, monuments recreation areas, a state snowmobile program, boating program and maintenance of fishing access sites among other duties. The goal of the state parks program is to manage Montana's scenic, historic, archeological, and recreational resources to meet present and future needs.

The Enforcement, Field Services and Conservation Education Divisions along with the Legal and Resource Assessment Units serve important support functions for the Fish, Wildlife and Parks Programs of the Department. Enforcement is responsible for insuring compliance with regulations and laws related to fish and wildlife protection, enhancement and harvest, as well as enforcing parks regulations and fees, among other duties. The Field Services Division provides a wide array of support functions to the Department and its field offices. These functions include game damage program administration, Design and Construction of all Department construction projects, Lands (transfers, purchases, taxes), Landowner/Sportsman Relations program, administration, General and Special Licensing and Data processing and computer support among other activities.

The Department's Conservation Education Division encompasses a number of support functions for Department programs. Public information on seasons, licenses and hunting and fishing regulations is only one such function. Parks information, snowmobiling and boat safety programs as well as youth education and hunter safety programs are additional functions of the Conservation Education Division.

The Resource Assessment Unit functions to provide advice and policy analysis to the Director, and maintains liaison between the Department and other state and federal agencies. The Department's Legal Unit represents the Department in legal actions and provides legal counsel to the Department.

Implementation of Department programs and policies are handled by the Deputy Director of Field Operations, and occurs through eight regional field offices. Regional offices are located in: Kalispell, Missoula, Bozeman, Great Falls, Billings, Glasgow, Miles City and Helena. Enforcement of laws and rules and management of Fish, Wildlife and Parks resources is implemented through regional field staff. The regional offices are each headed by a Regional Supervisor, who has responsibility for direction program implementation and supervising Regional Managers, Warden Captains and Information Officers within each region.

## Other Issues

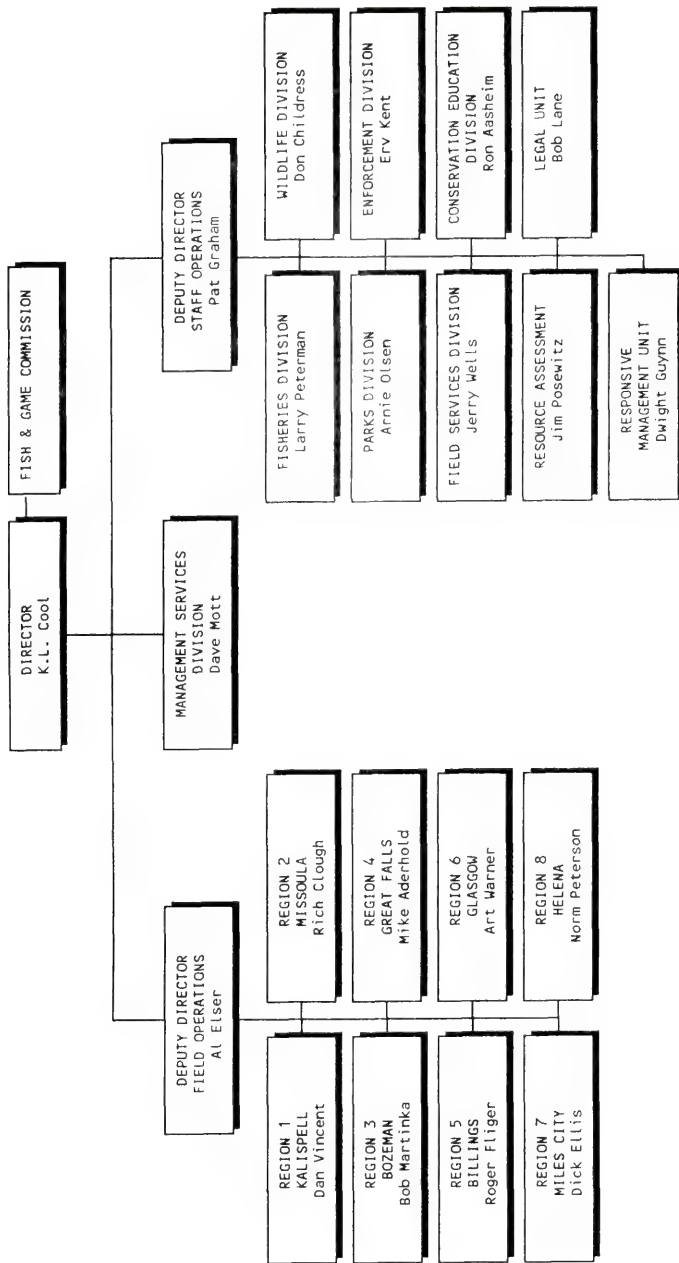
General License Account - The department is projecting a shortfall in the general license account (GLA). To address the projected shortfall the department, as directed by the Governor and the Fish and Game Commission, is holding public hearing throughout the state on various revenue and expenditure options. The options being explored by the department include:

1. Reduce current level spending for programs funded by the GLA;
2. Reduce spending in some of the earmarked revenue programs and transfer the saving to offset the GLA shortfall;
3. Increase the statutory limit on the number of nonresidents allowed to hunt in Montana; and
4. Increase hunting and fishing license fees.

The department will analyze the public comments and recommend to the legislature the preferred options to address the GLA shortfall. Because the executive budget was prepared before the completion of the public hearings the recommended changes to address the GLA shortfall are not included in the executive budget, but will be presented to the legislature at a future date.

Hunting and Fishing License Interest - The executive recommends legislation directing that interest earned by hunting and fishing license accounts be credited to those accounts. New federal U.S. Fish and Wildlife Service rules require the department to receive interest earned on the license accounts cash balances. Presently the earnings are credited to the general fund. Failure to comply with the federal rule would jeopardize \$7 million received from federal agencies by the department each year. If the legislation is effective January 1, 1992, the general fund loss will be \$141,000 in FY92 and \$102,000 in FY93.

MONTANA DEPARTMENT OF  
FISH, WILDLIFE AND PARKS  
ORGANIZATIONAL CHART



# Management Services

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992			Fiscal 1993		
			Incr/Decr			Incr/Decr		
			Base	Recommended	Base	Recommended	Base	Recommended
	36.20	36.20	35.20	.00	35.20	35.20	.00	35.20
Personal Services	812,176.87	971,943	928,890	2,105	930,995	928,579	2,089	930,668
Operating Expenses	1,595,215.40	1,718,051	1,778,806	68,746	1,847,552	1,819,542	51,574	1,871,116
Equipment	1,016,886.27	691,909	690,629	42,317	732,946	690,629	43,978	734,607
Transfers	163,651.00	176,020	176,020	32,930	208,950	176,020	49,847	225,867
<b>Total Agency Costs</b>	<b>\$3,587,929.54</b>	<b>\$3,557,923</b>	<b>\$3,574,345</b>	<b>\$146,098</b>	<b>\$3,720,443</b>	<b>\$3,614,770</b>	<b>\$147,488</b>	<b>\$3,762,258</b>
State Special Revenue Fund	1,550,383.66	1,259,036	1,153,904	89,376	1,243,280	1,155,993	133,266	1,289,259
Federal Special Revenue Fund	310,619.07	444,655	579,738	-33,238	546,500	596,194	-51,157	545,037
Proprietary Fund	1,726,926.81	1,854,232	1,840,703	89,960	1,930,663	1,862,583	65,379	1,927,862
<b>Total Funding Costs</b>	<b>\$3,587,929.54</b>	<b>\$3,557,923</b>	<b>\$3,574,345</b>	<b>\$146,098</b>	<b>\$3,720,443</b>	<b>\$3,614,770</b>	<b>\$147,488</b>	<b>\$3,762,258</b>

## Overview

The Management Services Division is an administrative and support unit for the department. The division is responsible for the following department-wide support functions: accounting, fiscal, purchasing and property management services; personnel administration; a planning system to formulate and evaluate department-wide work efforts; federal aid administration; and word processing.

## Goals

The overall goals of the division are:

- \* To provide management support services necessary to enable the department's divisions and regions to most effectively and efficiently plan for, deliver, and evaluate services to the public.
- \* To provide support services to the department so it is in compliance with state and federal laws.

Goals of the division's work units are as follows:

Accounting and Finance - To provide budgeting and fiscal management functions to all divisions in accordance with generally accepted accounting principles and in compliance with state and federal laws and regulations.

Personnel - To provide comprehensive, centralized, full-service personnel operations for the department.

Planning - To assist the department in applying good management principles to the daily administration of the department and to achieve increased efficiency and effectiveness of department resources for the purpose of natural resource management while improving program accountability to the public and the legislature.

Federal Aid - To obtain Federal Aid funds for the department and assure that projects are developed, executed and completed in accordance with federal and state requirements.

Word Processing - To provide typing support, microcomputer, program and computer network systems training and assistance to department users.



## Authorization

### Accounting and Finance

17-1-102 (4), MCA - Uniform Accounting System and Expenditure Control requires that state agencies input transactions to the accounting system prescribed in subsection (2) before the accounts close at the end of the fiscal year.

17-2-101 et seq, MCA - Treasury Funds and Accounts provides for the accounting system and treasury fund structure of the state.

17-6-105 (2)(b), MCA - State Treasurer...Deposits of Money provides that state agencies deposit all money with the state treasurer.

17-7-112, MCA - Submission Deadline requires each department to submit its budget request to the budget director within specified deadlines.

17-8-201, MCA - Authorizations for Disbursements... provides that authorizations for disbursements be given by the agency and a record kept by the agency of authorizations and expenditures.

18-4-221, MCA - General Procurement Authority... requires the department to adopt rules governing the procurement and disposal of supplies and services.

### Personnel

2-18-101 et seq, MCA - State Employee Classification, Compensation and Benefits sets the policy for the operation of the classification and pay system and benefits program in order to attract and retain a qualified workforce.

39-31-101 et seq, MCA - Public Employees Collective Bargaining Act sets the policy for collective bargaining, unit determinations, contract administration, grievance arbitration and unfair labor practices for organized employees.

39-29-101 et seq, MCA - Veteran's Public Employment Preference Act provides the policy for hiring preference for eligible veterans in external recruitment efforts.

39-30-101 et seq, MCA - Handicapped Persons Public Employment Preference Act provides the policy for hiring preference for eligible handicapped persons.

39-2-101 et seq, MCA - The Employment Relationship provides guidance on employer/employee relations, terminations of employment, wrongful discharge and employer liabilities.

2-6-101 et seq, MCA - Employee Record Keeping sets the policy for maintenance, collection and storage of all personnel records. Also, it sets the policy for the employee's right to privacy and the public's right to know.

Title VII of the Human Rights Act of 1964 sets the policy for Equal Employment Opportunity and Affirmative Action Programs.

### Federal Aid

16 U.S.C. 669-669b, 669c-669i - Federal Aid in Wildlife Restoration Act of 1937 (Pittman-Robertson) provides for distribution of federal revenues to states from user taxes on firearms and archery equipment for wildlife management programs, and establishes restrictions on the use of state hunting license revenues.

87-1-708 through 710, MCA - Assent to Pittman-Robertson Act includes the state's agreement to comply with the federal Act, establishes the department's authority for wildlife conservation, and restricts the use of hunting license revenues to department purposes only.

16 U.S.C. 777-777k - Federal Aid in Sport Fish Restoration Act of 1950, as Amended in 1984 (Dingell-Johnson, as amended by Wallop-Breaux) - provides for distribution of federal revenues to states from user taxes on fishing and boating equipment and motorboat fuels for fisheries management programs, and establishes restrictions on the use of state fishing license revenues.

87-1-701 through 703, MCA - Assent to Dingell-Johnson Act includes the state's agreement to comply with the federal



Act, establishes the department's authority for sport fish conservation, and restricts the use of fishing license fees to department purposes only.

## Base Program

The Management Services Division provides accounting and finance, personnel, planning, Federal Aid, and word processing support for the Department of Fish, Wildlife and Parks. The purpose of the division is to provide management support services to enable the department's divisions and regions to most effectively and efficiently provide services to the public in compliance with state and federal requirements.

**Accounting and Finance Bureau** - The Bureau's 24 FTEs provide accounting, budgeting and property management services to the department. These services are mandated by state law and assure proper management of the department's finances.

The objectives of the **Accounting Section** are to: process payment of accounts payable; prepare payroll; make personnel changes; record receipts and deposit department revenue; and bill for services rendered or goods provided. The objectives of the **Property Section** are to: record the acquisition, disposal and transfer of all department property; inventory all department property once every two years; provide purchasing assistance and training; prepare purchase orders; and set regulations for maintenance, replacement, usage and financing for 350 vehicles.

The objectives of the **Budgeting Section** are to: coordinate the preparation and submission of the biennial budget request and the annual budget allocation; and assist management in monitoring budgets for compliance with legislative mandates.

**Personnel Unit** - The Personnel Unit is responsible for all personnel functions and services for the department's managers and employees. Under base funding, the annual objectives of the Unit's 3.0 FTEs are to: recruit and select about 70 employees (usually permanent); answer personnel inquiries from 1400 individuals; establish and

maintain accurate and complete personnel files on 400 permanent employees and 150 temporary/seasonal employees; review and process 1000 classification and pay actions; maintain files of the department's performance appraisal system; prepare the affirmative action plan; review personnel related documents such as administrative rules, contracts, policies, hire letters, authorizations and releases for department compliance; and coordinate employee training and provide answers and advice concerning inquiries about personnel related matters.

In addition, the Unit provides contract administration for two bargaining units that comprise 40% of the department workforce; represents the department in grievances under the collective bargaining agreements and the statutory grievance procedure; manages the department's complaint procedure; represents the department in collective bargaining; develops comprehensive personnel policies; and provides advice and consultation to agency management on all personnel matters.

**Planning Unit** - The Planning Unit provides management assistance to the department for the purpose of improving effectiveness and efficiency in its operations. The Unit's 2.0 FTEs have three primary responsibilities. The objective of strategic planning is to set long-term direction for the department by the end of FY 1992. This would result in the department revisiting its mission statement, determining goals and objectives for each program, and working with the public to reflect public needs.

The objective of operational planning is to maintain the annual workplan (550+) and New Work Proposal processes. This will result in managers having complete documentation of each project within the department. Workplans describe work to be done, timeframes, benefits, and relate the work to the department's long-term direction. This will result in more efficient and effective management of work, increased accountability of what work is occurring and why, and the resources required to achieve the work.

The objective of project evaluation is to maintain and improve effectiveness of the department by evaluating program accomplishments. This includes initiating mid-year

variance reports and end-of-year reports on each workplan. This will result in a logical process for the department to evaluate all work at the mid-point of each fiscal year, and evaluate completion of work at the end of each fiscal year.

**Federal Aid Administration** - This function is mandated by Federal Aid program requirements. The Federal Aid Administrator is responsible for the administration of \$7 million in federal funds received annually by the department through the U.S. Fish and Wildlife Service and \$2.5 million annually in required matching state funds. This is over one-third of the agency's total operating budget. These federal funds are the foundation for the department's fisheries and wildlife management and research efforts and also support construction of facilities such as hatcheries, fishing access sites and shooting ranges. Funds are budgeted for all but one division and for all 8 regions.

The objectives of the unit's one FTE are to: obtain all Federal Aid funds available annually; assure that projects are developed, executed and completed in accordance with federal and state requirements; and ensure that no funds are used improperly, which would cause loss of federal funds.

**Word Processing Section** - The Word Processing Section is responsible for providing typing support, microcomputer, program and computer network systems training and assistance to divisions and regions. The objective of the Section's 2.0 FTEs is to complete 90% of all typing projects submitted on or before the originator's requested time with an error rate of no more than 1%. Completed projects will provide users with the necessary information in a format which is easily read and revised.

## Base Funding

The program is funded similar to the 1991 biennium. The major funding source is the vehicle and warehouse proprietary fund. The accounting system used required double budgeting - once in this program and again in the division using a vehicle or acquiring goods from the warehouse.

The balance of funding is from indirect costs collected on federal and state programs, and license funds. The indirect costs spent from the state earmarked accounts relate to support services in Management Services, Field Services, and Administration. However, they are all spent in Management Services to simplify the accounting system.

The following is a brief description of each account:

<b>State Special Funds</b>	<b>FY92</b>	<b>FY93</b>
	<b>\$1,153,904</b>	<b>\$1,155,993</b>

02407, 02408, 02411, 02412, 02413, 02414: Indirect costs collected on various state earmarked revenue funding sources.

02409 Fish and Game Earmarked Revenue: For the support of the various programs carried on by the Department of Fish, Wildlife and Parks which benefit sportsmen. The primary source is from the sale of fishing and hunting licenses. (87-1-601 MCA)

<b>Federal Funds</b>	<b>FY92</b>	<b>FY93</b>
	<b>\$579,738</b>	<b>\$596,124</b>

03404 Overhead: Indirect cost reimbursements from federal programs. (LCA \$50,000)

<b>Proprietary</b>	<b>FY92</b>	<b>FY93</b>
	<b>\$1,840,703</b>	<b>\$1,862,583</b>

06502 Equipment Enterprise: Accounts for the costs of providing a Department motor vehicle fleet.

06503 Warehouse Inventory: Accounts for the costs of providing a warehouse and office supply inventory to the Department.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<b>Accounting and Finance</b>				
Payroll - Timerolls Processed	15,600	15,600	16,100	16,100
Claims				
# Transfer Warrant Claims	17,600	17,600	18,100	18,100
# No-Warrant Transfers	700	700	750	750
# Journal Vouchers	700	700	725	725
Cashier - \$ Deposited	\$30M	\$30M	\$30M	\$30M
Accounts Receivable				
# of Contracts	80-100	80-100	85-105	85-105
\$ of Billings	500-600	500-600	525-625	525-625
Budgeting				
# of B212's	90-110	90-110	90-110	90-11-
# of SBAS 213's	900-1,000	900-1,000	900-1,000	900-1,000
Allocated Budget By:	June 30th	June 30th	June 30th	June 30th
Prepare Biennial Budget By:	N/A	Sept. 1	N/A	Sept. 1
Purchasing				
State Purchase Orders Processed	170	170	180	180
Agency Purchase Orders Processed	700	700	720	720
Vehicles				
Vehicles Purchased	44	44	44	44
Vehicle Runs Completed	12	12	12	12
Incident Reports Processed	8	8	8	8
Credit Cards Issued	113	113	113	113
Vehicle Books Issued	227	227	227	227

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Property				
PAMS Documents Processed	965	965	975	975
Warehouse Runs Completed	13	13	13	13
Personnel				
Employment Inquiries	1,400	1,400	1,400	1,400
Recruitments	70-80	70-80	95-105	90-100
Mailings/handouts	6,100	6,100	8,100	7,700
Applications Received	1,200-1,350	1,200-1,350	1,425-1,575	1,350-1,500
Applications Replied to	1,100-1,250	1,100-1,250	1,325-1,475	1,250-1,400
Position Fill Requests	322	322	50	50
Payroll Authorizations	850	850	870	860
Position Description Reviews	135	135	175	155
Personnel File Upkeep	575-650	575-650	600-700	600-700
Process Complaints	12	12	12	12
Process Grievances	8	8	8	8
Monitor Performance Appraisals	650	650	600-700	600-700
Copy Training Announcements	400	400	400	400
Training Registrations	111	111	111	111
Copy 2 Subscriptions	1,020	1,020	1,020	1,020
Planning				
Update Strategic Plan	0	1	0	0
Process Annual Workplans	550	550	560	560
Process Annual FYE Reports	550	550	560	560
File Midyear Variance Reports	35	35	40	40
Conduct Training Sessions	12	15	15	15
Facilitate Staff Meetings	8	9	10	10
Planned Management Newsletters	4	6	8	8

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<b>Federal Aid</b>				
Fish Restoration				
Amt. of Federal Contracts	\$4M	\$4M	\$4.5M	\$4.5M
# of Federal Contracts	21	21	25	25
\$ of Federal Projects	91	91	100	100
Wildlife Restoration				
Amt. of Federal Contracts	\$3M	\$3M	\$3M	\$3M
# of Federal Contracts	8	8	8	8
# of Federal Projects	39	39	39	39
Word Processing				
Lines Typed	168,316	168,316	218,810	218,810
# of Projects	2,484	2,484	3,289	3,289
Pages Printed	56,684	56,684	58,384	58,384
Labels Printed	56,665	56,665	58,364	58,364
Training Time	150	150	195	195

## Increase or Decrease from Base

### New/Expanded Programs

Fiscal Management Position - The department budget includes a new budget analyst position to provide a more thorough tracking of laws and rules that relate to the various earmarked accounts and the requirements in the legislative appropriation bills. Earmarking of department revenues complicates fiscal management, impacts budget preparation, allocation, monitoring, and analysis. In FY82 the department had an operations budget of \$15 million with 20 funding sources. In FY90 the budget has grown to \$31 million with 38 funding sources. The general license account will provide \$35,105 in FY92 and \$33,726 in FY93 for this proposed position.

Vehicle Account - The department recommends additional proprietary fund authority to cover the vehicle expenses related to travel included in many department program increases. The budget includes \$77,732 in FY92 and \$81,113 in FY93 of proprietary fund revenue for this program increase.

### Other Increases/Decreases

LCA - The Department is requesting an increase in LCA of \$15,000 in FY92 and FY93. The increase is above the amount appropriated by the 1989 Legislature. The request is 100% federally funded, and is needed to provide additional accounting and personnel support for new federally funded projects.

### Technical Adjustments

Transfer Position - 1.00 FTE and related operating budget was transferred from the Management Services Division to the Administration Division. This was done to create a Responsive Management Section in the Administration Division. The Executive Budget System did not allow for any changes past a certain date so this position appears in the increases/decreases to the base category.

Vehicle Differential - Because the vehicle account receives reimbursement based upon the acquisition cost of vehicles in use, the fund does not have adequate cash to cover the acquisition cost increase for replacement vehicles. We have projected an increase of \$17,900 in FY92 and \$34,847 over the FY91 level. The Executive Budget System did not allow for any changes past a certain date so this increase appears in the increases/decreases to the base category.

Inflation Adjustment - Due to the increase in the price of fuel, an inflationary adjustment was made in the amount of \$44,915 in FY92 and \$22,259 in FY93. This increase was funded primarily from the Vehicle Proprietary Fund with a small portion funded by the State Special Revenue Fund. The Executive Budget System did not allow for any changes past a certain date so this increase appears in the increases/decreases to the base category.



# Field Services

Full Time Equivalent Employees	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Recommended	Base	Incr/Decr	Recommended
Personal Services	1,041,385.57	1,211,032	40.11	7.30	47.41	40.11	7.30	47.41
Operating Expenses	1,357,035.82	1,592,887	1,129,228	145,616	1,274,844	1,129,098	145,267	1,274,365
Equipment	106,614.85	96,420	1,507,750	381,078	1,888,828	1,513,897	519,187	2,033,084
Benefits and Claims	4,274.00	3,000	95,420	33,180	128,600	95,420	20,980	116,400
Total Agency Costs	\$2,509,310.24	\$2,903,339	\$2,735,398	\$559,874	\$3,295,272	\$2,741,415	\$685,434	\$3,426,849
State Special Revenue Fund	2,201,034.76	2,555,035	2,194,962	507,466	2,702,428	2,185,141	647,920	2,833,061
Federal Special Revenue Fund	211,602.75	244,060	436,599	47,552	484,151	452,406	37,708	490,114
Proprietary Fund	96,672.73	104,244	103,837	4,856	108,693	103,868	-194	103,674
Total Funding Costs	\$2,509,310.24	\$2,903,339	\$2,735,398	\$559,874	\$3,295,272	\$2,741,415	\$685,434	\$3,426,849

## Overview

The Field Services Division consists of the following activities: administration; the Game Damage program, which assists landowners experiencing wildlife depredation to their property or crops; the Design and Construction Bureau, including the Sign Shop in Whitehall which produces specialty signs and visitor displays for Department sites and facilities; the Aircraft Unit; the Landowner/Sportsmen Relations program established to improve the working relationships of landowners, sportsmen, and the Department, and which includes recognition of the contributions made by the private landowner in providing habitat and recreational access with efforts such as the Block Management Program; the Lands Unit, which provides technical real estate assistance to the Department; the Licensing and Data Processing Bureau, composed of three major functions: selling fish and game licenses, statewide data processing support for the Department, and providing quick copy service to all Department functions. The challenge of this division is to meet the demands the Fish, Wildlife and Parks programs require of Field Services, since it is a support division.

Department of Fish, Wildlife and Parks

## Goals

The overall goal of the Field Services Division is to assist Fish, Wildlife and Parks' individual programs in accomplishing their missions in a timely and professional manner. Individual goals include the following:

- \* To reduce the number of incidents of game depredation to private landowner's crops or property in order to be more compatible with reasonable landowner tolerance levels;
- \* To comply with federal disabled accessibility construction requirements;
- \* To ensure public safety of department-owned dams;
- \* To open and maintain lines of communication among landowners, sportsmen, and the Department, and to provide information and assistance in managing recreational use of private lands;
- \* To manage lease and in lieu of tax payments for Department lands;

\* To administer cabin site leases;

\* To maintain a comprehensive and accurate land data base for internal and external use;

\* To be timely, accountable, and accurate in processing license sales and conducting license drawings;

\* To maintain efficient and compatible computer support for the Department.

## Authorization

Authorization for the Field Services Division is provided primarily under Title 23 and 87 of Montana Code Annotated. A detailed listing is as follows:

### Game Damage Program

87-1-225 MCA. Regulation of wild animals damaging property.

### Design and Construction Bureau

18-2 et. seq. MCA. Projects costing less than \$25,000 are designed by the Design and Construction Bureau. Projects costing over \$25,000 are coordinated with the Department of Administration, consultants, and contractors by the Bureau.

23-2 et. seq. MCA. Authorizes the Department to plan and develop outdoor recreational resources.

87-1-702 MCA. Provides authority to perform acts, including those authorized under the federal Dingell-Johnson Act.

87-1-709 MCA. Provides authority to acquire and develop lands and other property under the provisions of the federal Pittman Robertson Act.

Section 504 of the Rehabilitation Act of 1973: The Department receives federal funding and must comply with this section of the federal laws. An increased effort is being made to upgrade Department facilities, programs, and publications.

ARM Rule 16.45.101 and 102: These rules adopted by the Department of Health and Environmental Sciences pertain to underground storage tanks.

### Land Unit

87-1-603 MCA, Payment in Lieu of Taxes.

23-2-101 MCA; 23-2-103(4) MCA; PL85-470 MCA; 87-1-701 MCA;

87-1-702 MCA; 87-1-703 MCA; 87-1-708 MCA; 87-1-709 MCA, Land Programs and Federal Aid.

23-1-102 MCA; 23-1-103 MCA; 23-1-108 MCA; 87-1-201 MCA; 87-1-209 MCA; 87-1-241 MCA; 87-1-242 MCA; 87-1-301(5) MCA; 87-1-605 MCA; 87-2-722 MCA; 87-2-724 MCA, State Legislation for Department Real Estate Programs.

### Licensing Bureau

Title 87, Chapter 2 MCA; Title 87, Chapter 4 MCA; 87-4-304 MCA; 87-4-407 MCA; 87-4-503 MCA; 87-4-603 MCA; 87-4-804 MCA; 87-4-905 MCA; 87-4-1004 MCA; 87-1-702 MCA; 87-1-709 MCA, Licensing Requirements.

## Base Program

The Field Services Division is a grouping of diverse support units; therefore, the Division can best be divided into several functions, as follows:

Game Damage: The game damage program involves providing informational materials to landowners to assist them in minimizing impacts of big game, bears, turkeys, and waterfowl to their property and crops; supplying fencing materials to build permanent haystack yards where chronic problems exist and providing assistance in aversive conditioning techniques (i.e. blood meal, electric fencing, herding, scareguns, etc.) Because of the trend toward more costly permanent solutions, an increased supply of game damage materials is needed to respond to complaints under 87-1-225 MCA.

Design and Construction: The Design and Construction Bureau conducts pre-construction user and resource surveys and evaluations, prepares long range and master site plans, conducts or coordinates environmental assessments, prepares



construction specifications and plans, and conducts or supervises field design and capital construction for major maintenance projects at state parks, state fishing access sites, and wildlife management areas. The Bureau currently contracts out all construction work to private enterprise for projects over \$25,000, and some under \$25,000. Currently, this involves supervision of 25 projects totaling \$9,756,643.

Section 504 of the Rehabilitation Act has created requirements for significantly more effort on Department facilities to provide access for disabled individuals.

The Sign Shop in Whitehall, Montana currently produces display and interpretive devices that are required at Department sites, and about 500 specialty signs. Over the past five years, most of the Department's standard signing needs, (about 18,000 signs annually) have been produced by private contract. Required identification of Department sites that have received federal funding has caused a major increase in the total number of signs needed.

Several underground storage tanks have been removed statewide, and four have been found to have leaked. Further investigation and monitoring of the leak sites have been required. The Department still has seven tanks to remove.

The Department is currently placing more emphasis on providing adequate major maintenance on owned properties, which will effect engineering staff.

The Bureau has experienced difficulty in hiring and retaining experienced engineers due to the low salary level when compared to the private sector.

Aircraft Unit: The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation flights for the Department. This unit also assists in arranging private contracted flying services for survey and transportation flights. Private contracting has been used whenever possible but often is not available in many local areas, particularly during peak flight times.

Landowner/Sportsmen Relations and Block Management: The cooperative Landowner-Sportsmen Program establishes and maintains communication with user (sportsmen) and resource-based (landowner, agricultural) organizations and individuals; administers the Livestock Loss Reimbursement Program; administers the Block Management program, which provides habitat and recreational access of close to 5 million acres throughout Montana, and involves about 275 landowners; assists in Department publications and programs which spotlight and address landowner-sportsmen relations issues; and works on the local level in establishing and maintaining landowner-sportsmen problem solving committees.

Land Unit: The Land Unit is responsible for the technical real estate functions of the Department including acquisition and disposal of real estate and real property through conveyances of deeds, easements, and leases. Sites include wildlife management areas, fish hatcheries, fishing access sites, state parks, state monuments, state recreation areas, and administrative sites. The management and computerization of all permanent land records totaling 3000 land files and 300,000 total pages of records is another important function of this unit. The Land Unit also manages the payment of leases, permits, payments in lieu of taxes, fire protection, assessments, water, sanitary sewer charges, and other land costs. Payments for these costs exceed \$260,000 per year. This unit administers a total of 329 leases for private cabin sites.

Licensing and Data Processing: The Licensing function is composed of three separate processes. The first is the selling of the nonresident combination licenses with a legislatively established quota of 23,000 deer and elk licenses. These licenses generate \$8.8 million in revenue. The second process is that of special drawings for moose, sheep, goat, elk, antelope, and deer. We receive about 200,000 applications from 100,000 sportsmen and issue about 100,000 licenses generating \$1.3 million in revenue annually. Refunds are issued to over 50,000 unsuccessful sportsmen for about \$3 million. The third process is the selling of general licenses at about 450 bonded license agents around the state. We consign 1.3 million licenses, and license agents remit \$8.7 million in license sales.

The Data Processing Section provides support for most Department automated functions. The Department utilizes the large mainframe computer at the Department of Administration to administer licensing, budgeting, vehicles, accounts receivable, warehouse inventory, and property accounting functions. The Data Processing Section is also responsible for the acquisition, installation, program development, training, and maintenance of microcomputers for department personnel around the state. There is a duplicating center administratively attached to this Bureau, which provides duplicating services for the agency.

## Base Funding

This program's financing is similar to that of the 1991 biennium. The primary sources of funds are license revenues and indirect cost reimbursements from federal programs. In addition, there are direct charges for services provided to the Parks and Wildlife Divisions.

The Department operates a quick copy center in the proprietary fund. The accounting requires that this function be double budgeted - once in this program, and again in the division using the services.

The following is a brief description of each funding source in the Field Services Division.

<b>State Special Revenues</b>	<b>FY92</b>	<b>FY93</b>
	\$2,194,962	\$2,185,141

02408 Coal Tax Trust Earnings: Designated for the acquisition and management of state parks. The source is the interest earned from the Coal Tax Trust Account (15-35-108 (3f) MCA)

02409 Fish and Game Earmarked Revenue: For the support of the various programs carried on by the Department of Fish, Wildlife and Parks which benefit sportsmen. The primary source is the sale of hunting and fishing licenses. (87-1-601 MCA)

Department of Fish, Wildlife and Parks

02469 Habitat Trust Interest: Interest earnings on the trust are used for the development and maintenance of wildlife lands. (87-1-242 MCA)

<b>Federal Special Revenues:</b>	<b>FY92</b>	<b>FY93</b>
	\$436,599	\$452,406

03097 PR-DJ Grants: These funds support areas of fish and wildlife management related projects. Funding is from the U.S. Fish and Wildlife Service. Funds are collected at the national level by assessment of a manufacturer's excise tax on fishing and hunting equipment. (87-1-70/w708 MCA)

03404 Overhead: Indirect cost reimbursements from federal programs.

<b>Proprietary Fund:</b>	<b>FY92</b>	<b>FY93</b>
	\$103,837	\$103,868

06501 Quick Copy Center: Accounts for costs of copying and printing services provided to the Department.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Number of Estimated Game Damage Complaints (assuming average weather)	470	470	490	490
Number of Disabled Access Sites	20	20	20	20
Construction Projects Implemented < \$25,000	59	60	40	40
Construction Projects Implemented > \$25,000	21	23	15	15
Construction Projects Implemented - Staff	5	5	5	5
Construction Projects Implemented - Project/Person	16	16.6	14	14
Dams Breached	1	0		
Phase Two Studies Completed	2	1		
Phase One Studies	3	0		
Dams Being Rebuilt	0	0		
Feasibility Studies Underway	0	1		
Signs Produced by Contract	1,800	1,900	1,900	1,900
Signs and Displays Produced by Sign Shop	650	650	650	650
Total Hours - Department Aircraft	1400	1400	1400	1400
Total Hours - Private Contracts	2400	2400	2400	2400
Landowner/Sportsman Coordinator Attendance at Annual, Local Meetings of Sportsmen's Groups and L/O Organizations	25	25	25	25

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Landowners Enrolled in Block Management	350	400	45	45
Cabin Sites Administered	329	329	329	329
Land Transactions	350	350	350	350
Licenses Sold (Millions)	1.2	1.2	1.3	1.3
Drawing Applications (Thousands)	99	103	106	109
Data Processing Mainframe Hours (Thousands)	57.6	58.0	58.0	58.0
Data Processing Microcomputers Managed	225	250	225	225

## Increase or Decrease from Base

### Report Back Projects

**Block Management Program** - The department recommends continuation of the block management expansion approved in the 1991 biennium budget, plus an increase in the 1993 biennium budget. The demand for managing hunters under the block management program has exceeded budget. The program is supported by landowners and sportsmen because the program provides sportsmen with hunting opportunities on private land and landowners' control over recreational use of their property. In the 1991 biennium appropriations bill, the legislature required that the \$173,000 per-year program expansion be re-presented to the legislature for its re-consideration and re-appropriation. This program is funded with state special revenue.

**Fishing and Motorboat Access** - The department recommends continuation of the fishing and motorboat access expansion approved in the 1991 biennium budget. The legislature in the 1991 biennium appropriation bill required that the fishing and motorboat access program expansion be re-

presented to the legislature for its re-consideration and re-appropriation. The department received and continues to receive federal funds for designing and constructing new, and improving existing, fishing and motorboat access sites. The \$40,700 in FY92 and \$40,630 in FY93 of state special revenue and federal revenue will be used to meet public demands for improved access sites.

**Microcomputer Support** - The department recommends continuation of the microcomputer support expansion approved in the 1991 biennium budget. The 1989 Legislature approved the use of state special revenue and 1.00 FTE to provide programming and technical support to computer users throughout the department. In the 1991 biennium appropriations bill, the legislature required that the microcomputer support program expansion be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the program at \$31,886 in FY92 and \$31,818 in FY93.

### New/Expanded Programs

Game Damage - The department recommends an additional \$50,000 in FY92 and \$75,000 in FY93 for the game damage program. The program assists landowners who are experiencing crop damage caused by big game animals, by providing scare-tactic devices, herders, chemical repellents, and fencing supplies to prevent or alleviate crop damage. Over the past several years, the program budget has been insufficient to meet the landowner needs. The increased budget which will be funded with state special revenue will allow the department to procure a larger supply of materials to meet needs for assistance.

Block Management - The executive budget continues the program plus an increase of \$137,000 per year.

Sporting Information - The department recommends \$17,000 per year of state special revenue to provide sporting information supplies at locations of licensing agents. Thirty percent of Montana sportsmen surveyed indicated they prefer to get the majority of their hunting and fishing information from license agents. The program increase is to provide: 1) development of displays for use by agents; and 2) annual briefings for license agents in each region.

License Agent Commission - The department recommends increasing the commission paid to 400 local businesses which serve as department licensing agents. The current commission rate of \$0.30 per license is proposed to increase to \$0.40 in FY92 and \$0.50 in FY93. Legislation will be introduced which increases the commission rates. The \$0.10 commission increase would be phased in over FY92 and the additional \$0.10 increase over FY93. The executive budget includes \$10,300 in FY92 and \$97,300 in FY93 of state special revenue to fund the increased agent commissions.

Development and Maintenance of Department Property - The department recommends an increase for design and construction support for the wildlife management areas and waterfowl projects. As additional sites are purchased or leased by the department, the administrative resources needed to develop and maintain the sites become strained.

The department via HB526 has purchased or leased several wildlife management areas. These wildlife management areas need development to fully utilize their wildlife potential. The budget includes \$60,000 of state special revenue per year for the program increase.

Computerize Land Records - The department recommends \$35,000 per year to speed up computerization of its land files. The department will contract for computer program development, summarization of land data, creating records for all sites, and other related work that needs to be accomplished to complete the computerization. This program will be funded with state special revenue.

### Technical Adjustments

Transfer Position - 1.00 FTE and related personnel budget was transferred from the Field Services Division to the Administration Division in order to create a new regional supervisor position. The Executive Budget System did not allow for any changes past a certain date so this position appears in the increases/decreases to the base category.

Correction of an Error - An adjustment of \$18,644 was necessary to correct an overstatement in the base. The Executive Budget system did not allow for any changes past a certain date so this correction was made in the increases/decreases to the base category.

Equipment Increase - There was approximately \$32,000 in FY92 and \$20,000 in FY93 added to the equipment budget when compared to the FY91 appropriated levels. However, there was a like decrease in other programs to offset this increase. The Executive Budget System did not allow for this adjustment to be made past a certain date so this adjustment was made to the increases/decreases to the base category.

Taxes Increase - The combination of general increases in taxes, reappraisals of department land and additional acquisition of property has resulted in an anticipated increase of \$25,000 in FY92 and \$45,000 in FY93 in taxes. The Executive Budget System did not allow for any changes past a certain date so this adjustment was made to the increases/decreases to the base category.

Lease Increase - The combination of additional leased property and increased lease payments has resulted in an anticipated increase of \$7,000 in each year of the biennium. The Executive Budget System did not allow for any changes past a certain date so this increase was made to the increases/decreases to the base category.

Inflation Adjustment - Due to the increase in the price of fuel, an inflationary adjustment was made in the amount of \$4,540 per year. The Executive Budget System did not allow for changes past a certain date so this adjustment was made to the increases/decreases to the base category.

# Fisheries

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Personal Services	103.34	110.00	103.00	6.00	109.00	103.00	6.00	109.00
Operating Expenses	2,799,216.64	3,167,905	3,014,908	134,530	3,149,438	3,015,708	134,402	3,150,110
Equipment	1,502,024.90	1,664,344	1,649,646	184,998	1,834,644	1,441,682	258,440	1,700,122
Grants	178,548.35	224,863	125,373	99,490	224,863	125,373	27,990	153,363
Transfers	38,500.00	55,570	18,500	83,413	101,913	18,500	83,413	101,913
	0.00	1,000,000	1,000,000	245,000	1,245,000	1,000,000	505,000	1,505,000
<b>Total Agency Costs</b>	<b>\$4,518,289.89</b>	<b>\$6,112,682</b>	<b>\$5,808,427</b>	<b>\$747,431</b>	<b>\$6,555,858</b>	<b>\$5,601,263</b>	<b>\$1,009,245</b>	<b>\$6,610,508</b>
State Special Revenue Fund	2,359,483.78	2,606,804	2,446,792	251,460	2,698,252	2,119,390	426,062	2,545,452
Federal Special Revenue Fund	2,158,806.11	3,505,878	3,361,635	495,971	3,857,606	3,481,873	583,183	4,065,056
<b>Total Funding Costs</b>	<b>\$4,518,289.89</b>	<b>\$6,112,682</b>	<b>\$5,808,427</b>	<b>\$747,431</b>	<b>\$6,555,858</b>	<b>\$5,601,263</b>	<b>\$1,009,245</b>	<b>\$6,610,508</b>

## Overview

The general mission of the Fisheries program is to preserve and perpetuate all aquatic species and their ecosystems and to meet the public's demand for fishing opportunities. This mission is accomplished by following policies and programs that emphasize management for wild fish populations and protection of habitat necessary to maintain these populations; by operating an efficient hatchery program to primarily stock lakes and reservoirs where natural reproduction is limited or lacking; by regulating angler harvests and monitoring of fish populations to maintain balanced natural systems; by providing over 3 million angler-days to 325,000 licensed anglers at a total resource value exceeding \$200 million per year; and by providing and maintaining adequate public access.

## Goals

- \* To expand and improve the availability of fishing opportunities in lakes and streams.
- \* To protect stream and lake shore habitat through education and administration of existing laws, rules and regulations.

- \* To determine and meet public fishing access needs.
- \* To represent fisheries interests in the allocation and development of water resources.
- \* To actively involve the public in developing policies, regulations, programs and planning.
- \* To manage the state's fishery resources for recreational, scientific and aesthetic purposes and for their inherent values.

## Authorization

87-5-501, MCA The Stream Protection Act of 1965 assigns responsibility to the Department to protect fish habitat by reviewing and acting upon hydraulic projects proposed on streams and rivers by government agencies.

75-7-101 et. seq., MCA The Natural Streambed and Land Preservation Act of 1975, administered by county conservation districts, gives the Department responsibility for reviewing and making recommendations to preserve fish habitat on private projects that physically alter or modify a stream or streambed in the State of Montana.



87-1-255, MCA The River Restoration Act of 1989 authorizes the Department to develop administrative rules and also establishes a funding source for planning, design and construction of projects to restore streambeds, banks and associated lands to conserve and enhance fish and wildlife habitat.

75-5-101 et seq., MCA The Montana Water Quality Act establishes the public policy of Montana to protect, maintain and improve water for fish, wildlife and aquatic life; coordination is accomplished through a cooperative agreement with the Department of Health and Environmental Sciences.

80-8-201, MCA, Subsection 8 The Montana Pesticides Act requires the Department of Agriculture; Fish, Wildlife and Parks; and Health and Environmental Sciences to review all applications for registration of pesticides including special use permits, special local needs, or other registration established under the Federal Insecticide, Fungicide and Rodenticide Act.

85-2-223, MCA Public Representation in Adjudication Process The Department of Fish, Wildlife and Parks shall exclusively represent the public for purposes of establishing any prior and existing public recreational use in existing right determination.

87-2-806, MCA Scientific Collector's Permits Scientific collector's permits are issued by the Department to qualified representatives of accredited schools, colleges, universities, or other learning institutions as governmental agencies allowing the taking of fish or game for scientific purposes only under conditions specified by the Department.

87-3-201, MCA Department Control Over Fish Hatcheries Provides for the Department of Fish, Wildlife and Parks' control over state fish hatcheries to construct, maintain and operate them for the purpose of stocking Montana's waters.

87-1-605, MCA Fees to Purchase Recreational Facilities Authorizes the source of funds and assigns the

responsibility for providing recreational access to the Department of Fish, Wildlife and Parks.

87-1-701-703, MCA Assent to Dingle-Johnson Bill Also known as PL 681-81st Congress; Chapter 658, Second Session, which provides federal dollars to the Department for purposes of fish restoration and management projects. Authorizes the Department to conduct fish restoration and management projects and to enter into cooperative agreement with the federal government for the purpose of fish restoration projects.

87-4-602, MCA Seining Licenses Authorizes the Department to issue licenses for use of nets to take fish for commercial purposes.

87-4-609, MCA Regulation of Commercial Taking of Aquatic Fish Food Organisms This includes issuance of permits and rulemaking authority for sale of crayfish, mysis shrimp and other aquatic organisms.

87-1-210, MCA Research, Training and Other Projects Authorizes the Department to enter cooperative agreements with educational and other institutions for the purpose of training, research and management programs.

87-4-603, MCA Fish Pond License for Artificial Lake or Pond Authorizes the Department to issue and condition licenses for private fish ponds and the sale of fish or eggs. Requires annual reports submitted to the Department.

87-4-605, MCA Records and Report of Whitefish Sales Requires fishermen taking whitefish for commercial purposes to file annual reports to the Department.

87-5-101-103, MCA Nongame and Endangered Species Conservation Act This requires the state to assist in the protection of species or subspecies of wildlife which are deemed to be endangered.

87-3-204, MCA Restrictions on Fishing Methods Authorizes the Department to designate the types of fishing methods permitted on specific waters.



87-3-221, MCA Importation of Salmonid Fish or Eggs Authorizes the Department to regulate and issue permits for the importation of fish and fish eggs.

87-1-201, MCA Powers and Duties Authorizes the Department to make, promulgate and enforce rules and regulations for the protection, preservation and propagation of fish. This applies to the issuance of annual rules and permits for commercial harvest of fish and aquatic invertebrates.

85-2-101, et.seq. MCA Montana Water Use Act The Montana Water Use Act provides for the reservation of water for instream purposes and the adjudication of existing rights held prior to 1973.

85-2-436, 437 MCA Water Leasing Study (HB 707) This bill authorized the DFWP (under specific conditions) to study the feasibility of water leasing and enter into water leasing agreements to improve instream flows for fisheries.

33 H.S.C. Section 404 of the Clean Water Act 1344 establishes a permitting process for projects where dredged or fill material is deposited in waters of the United States.

42 U.S.C. The Comprehensive Environmental Response, Compensation and Liability Act provides for claimants to recover damages for injury to natural resources including fish and wildlife, due to release of hazardous substances.

16 USC 791(a) et.seq. Federal Power Act Federal Power Act requires any entity wishing to construct and operate a private hydropower facility to obtain a license from the Federal Energy Regulatory Commission (FERC) through compliance with a number of rules including those in Section 10 which address protection, mitigation and enhancement of fish and wildlife resources.

P.L. 96-501 Northwest Power Act Northwest Power Planning Council develops a program to protect, mitigate and enhance fish and wildlife, including related spawning grounds and habitat in the Columbia River and its tributaries to mitigate for losses caused by hydroelectric projects.

## Base Program

I. **SALMONIDS IN STREAMS** - Montana's coldwater streams (approximately 14,200 miles) support important salmonid populations including trout, salmon, char, grayling and whitefish. Montana's consistently high national ranking in nonresident license sales is testimony to the demand for this resource. Since the early 1970s, nearly all of Montana's coldwater streams have been managed for wild trout. Principal components of the wild trout management program are maintaining and enhancing stream channel stability and riparian habitat, maintaining adequate flows and applying appropriate catch regulations. Habitat protection in its various forms is the most important component of the coldwater streams program. Six of the states top seven priorities in coldwater stream management are related to habitat protection.

Satisfying increased demand for wild trout fisheries is also a high priority. Since stream fishing opportunities can rarely be expanded, increasing demand must normally be accommodated through careful adjustments in angler use, harvest and adjustment of fishing regulations.

As the use of trout streams increases, conflicts arise between various recreational users causing impacts on certain groups. The development of management plans involving the public in setting management goals is an important part of our coldwater stream management program. Recreational fishing on some salmonid streams is limited due to landownership and legal constraints. Our management plans include provisions for the acquisition, development and maintenance of fishing access sites.

A. **MANAGEMENT** - The Fisheries management function includes both broad strategic and water-specific management planning and setting of sport and commercial fishing regulations. The management plans and fishing regulations are primarily based on angler preferences within the biological and economic limits for a given water. Comprehensive management plans are presently being developed for the most important waters.

Internally, the Division's management program is driven by a five-year plan which requires approval by the U.S. Fish

and Wildlife Service. The plan is an integration of regional fish management and habitat goals, objectives and strategies by elements. The elements are coldwater fish in streams, coldwater fish in lakes and warmwater fish in lakes and streams. Water specific management plans are developed through extensive public involvement. These plans focus on fisheries management, but may also integrate other water-based recreation, parks, enforcement, and habitat issues.

Revision of sport fishing regulations is a major effort involving regional and headquarter staff. Regulations are established through significant public involvement according to established guidelines. Major revisions in sport fishing regulations occur in odd-numbered years. Commercial fishing regulations and regulations for the harvest of aquatic invertebrates are established on an annual basis.

The regional staff conduct fish population monitoring, site-specific angler use, and angler preference and opinion surveys. Recommendations for management strategies and regulations are based on these data.

The Division is responsible for regulating fishing contests that are held on lakes and reservoirs throughout the state. Contest applications are reviewed in close coordination with regional fisheries managers according to established rules and, where possible, according to management plans.

The Division conducts environmental assessments and makes recommendations concerning the introduction of exotic fish species into state waters. These evaluations also apply where consideration is given to extending the range of native or introduced fish species.

**B. HABITAT** - Preservation of aquatic habitat in as natural a condition as possible is one of the highest priorities of the Fisheries Division. Three important elements of stream fishery habitat are physical features associated with the stream channel, water quality and water quantity.

The Department utilizes the Stream Protection Act of 1965 (SPA) and the Natural Streambed and Land Preservation Act

of 1975 (SB 310) to review projects that alter the bed or banks of streams.

Habitat enhancement efforts include numerous interagency projects and cooperative projects with sportsman's groups. The Division recently developed guidelines for administering the Stream Restoration Act (HB 754) which will fund projects aimed at restoring stream channels and fish habitat damaged by past activities.

The Department participates in water quality protection through a cooperative agreement with DPHS in monitoring water quality, special projects, complaint of fish kill investigations and coordination with other agencies in review of activities that affect water quality. Department personnel serve on several councils and steering committees and work with other agencies and entities of government to accomplish the goal of protecting water quality.

Adequate streamflow is an important component of fishery habitat. The Department holds instream flow rights on 12 blue-ribbon trout streams and water reservations on the Yellowstone River and numerous tributaries in the Yellowstone River basin. Administration of the Department's instream flow rights, particularly during low flow years, is an important component of stream habitat protection. The Department is currently pursuing instream flow reservations on selected portions of the upper Clark Fork Basin and the Missouri River Basin. The Department participates in the statewide adjudication process to defend its rights and to represent the public regarding recreational filings.

The 1989 Legislature passed HB 707, the water leasing bill. This legislation authorized the Department to conduct a study and pursue water leasing on up to five stream reaches. This may become an important program to augment instream flows on streams which currently suffer from dwindling.

The Federal Power Act and the Electric Consumers Protection Act of 1986 gives authority to the fish and wildlife agencies to review new hydropower projects and existing hydropower projects due to be relicensed and recommend

conditions for the protection, mitigation and enhancement of fish and wildlife resources.

**C. FISHING ACCESS PROGRAM** - The Department, through the fishing access program, provides public access to state waters for fishing. The fishing access program involves acquisition, development and maintenance of fishing access sites and administration of the motorboat access program. This program provides additional recreational opportunity for the public and reduces the potential for conflict between the sportsmen and private landowners. It may also provide access and opportunities for the elderly and the disabled.

The Department currently operates 300 public access areas used for fishing. These sites provide access to cold and cool/warmwater fisheries on lakes and streams throughout the state. A recent Department survey revealed that development and maintenance has lagged far behind acquisition due to inadequate funding.

Administration of the fishing access program was transferred from Parks Division to the Fisheries Division in 1987. Responsibility for maintenance of the sites remained with the Parks Division. At the same time, the expansion of the Federal Sport Fish Restoration Program earmarked 10 percent of the federal dollars for development of motorboat access areas consistent with fisheries objectives.

**D. FISH OF SPECIAL CONCERN** - A "Species of Special Concern" is a native Montana fish with severely reduced population numbers of fish and/or habitat. These species require special management efforts to ensure their continued existence and to increase their numbers. Protection of habitat, restrictions on harvest and development of recovery plans are often necessary to maintain these populations.

The salmonid "Species of Special Concern" in streams include Yellowstone cutthroat trout, westslope cutthroat trout, arctic grayling, bull trout and native rainbow trout. Restrictive angling regulations are in place for all of the above species. A special management plan has been developed for the westslope cutthroat trout. A recovery plan has been developed and is being implemented

for the river strain of arctic grayling. Maintenance and enhancement of these populations will ensure the continued existence of native Montana species and allow additional opportunities for anglers to fish for these species.

**II. SALMONIDS IN LAKES** - Salmonids (all trout species, char, salmon, grayling and whitefish) occur in coldwater lakes and reservoirs throughout the state. These waters are managed to provide self-sustaining wild trout or salmon populations where it is possible. However, many lakes and reservoirs lack suitable spawning habitat and, consequently, hatcheries play a major role in lake management compared to streams. Aquatic habitat in lakes is also adversely affected by a variety of land and water uses, including water level fluctuations due to irrigation; flood control and power production; pollution from point and nonpoint sources and development of shorelines by homeowners. Often these impacts result from inadequate consideration of fisheries resource needs in the plans of government agencies.

Demand for coldwater lake fishing opportunities is increasing statewide. In south central Montana, there are many alpine lakes but few lowland lakes that support coldwater fishing. Demand exceeds supply in this area. Evaluation of various strains of hatchery fish may lead to more productive fisheries and more efficiently used resources. Management plans involving the public in setting management goals is an important part of the management program, particularly for heavily fished lakes and reservoirs. Management of these waters includes programs to meet the increasing demands for more access and opportunities for the handicapped.

**A. MANAGEMENT** - See Management Narrative under Salmonids in Streams.

**B. FISHING ACCESS PROGRAM** - See Fishing Access Program Narrative under Salmonids in Streams.

**C. HABITAT** - The protection of fish habitat in lakes, both for salmonids and cool/warmwater species, is of primary importance in maintaining existing fisheries and providing the opportunity for enhancement in some cases. A primary component of habitat in lakes is water quality. Water

quality in lakes is maintained through monitoring water quality conditions and commenting on various activities which may affect lake water quality.

The level of water in lakes is also an important consideration in lake fishery habitat. Reservoir levels are monitored on important waters and operating agreements with reservoir operators are sought in order to maintain sufficient water in reservoirs to protect the fishery.

Lakeshore development activities are commented on through appropriate review procedures. The Department addresses the effect of existing hydropower operations on reservoir levels west of the Continental Divide through provisions of the Fish and Wildlife Program of the Northwest Power Planning Council. Reservoir levels are addressed east of the Continental Divide on the mainstem Missouri River reservoirs through the Missouri River Natural Resources Committee.

The Department participates in the state water plan process to ensure representation of fisheries, wildlife and recreational values in elements of the program that affect lakes and reservoirs in the state and their fisheries.

**D. HATCHERIES** - Many coldwater lakes and reservoirs have inadequate natural reproduction and require supplemental stocking to produce good fisheries. Annually, more than 450 lakes and reservoirs are stocked with over eight million salmonids.

The hatchery system utilizes five species and 10 strains of salmonids to produce quality fish for a variety of management needs. Three captive broodstocks are maintained at state hatcheries. Eggs are collected from the wild to maintain genetic diversity within the hatchery broodstock and to supply the hatchery system with fish not available from other sources. Collection of eggs from wild sources is an efficient means of adding species and strains to the hatchery capabilities. Fish health assessments and genetic monitoring are conducted regularly on these populations.

The hatchery system is currently undergoing renovation of its major facilities. This will continue, as funding

becomes available, until all the hatcheries have been renovated.

#### **E. FISH OF SPECIAL CONCERN** - See Coldwater Streams.

**III. COOL AND WARMWATER FISH IN STREAMS** - Cool and warmwater fish species such as sauger, walleye, northern pike, largemouth bass, smallmouth bass, channel catfish, sturgeon and burbot provide most of the fishing opportunities in eastern Montana. They make a significant contribution to the fisheries resources of central Montana and add some variety to specific areas in western Montana. These fish are generally, not heavily fished and regulations are more liberal except for selected species on a few waters.

Less is known about the status of fish populations in warmwater streams than in coldwater habitats. Consequently, a greater emphasis is placed on the need for fish population monitoring and angler harvest and use. Populations in these streams are maintained by natural reproduction. Hatchery plants may be used to establish a species but maintenance plants are not necessary to support a recreational fishery.

Aquatic habitat in warmwater streams may be adversely affected by a variety of land and water uses, including irrigation, crop production, livestock grazing, road construction, coal mining, oil and gas production and pollution from point and nonpoint sources. Often these impacts result from inadequate consideration of fisheries resource needs in the plans of government agencies. Management efforts on these waters include surveys to better understand the use and harvest by anglers.

Most warmwater streams are bordered by private lands and waters on tribal lands have been increasingly subject to restrictions in recent years. There is a need to improve access through easements and purchases. More access areas will encourage more use of these largely untapped resources.

**A. MANAGEMENT** - See Management Narrative under Salmonids in Streams.

**B. HABITAT** - See Habitat Narrative under Salmonids in Streams.

**C. FISHING ACCESS PROGRAM** - See Fishing Access Program Narrative under Salmonids in Streams.

**D. FISH OF SPECIAL CONCERN** - Cool and warmwater fish species of Special Concern include the white sturgeon, pallid sturgeon, and the paddlefish. The white sturgeon is found only in the Kootenai River below Kootenai Falls in Montana and is rare. The pallid sturgeon is found in the lower Yellowstone and Missouri rivers in Montana. It has been eliminated from much of its range elsewhere and is listed as an endangered species. Populations of this species are extremely low. Paddlefish are common in the lower Yellowstone and Missouri rivers during their spring spawning run. They have been considerably reduced elsewhere in their range. Maintenance and enhancement of these populations will ensure the continued existence of these species and, in some cases, allow additional opportunities for anglers to fish for these species.

**IV. COOL AND WARMWATER FISH -- LAKES AND RESERVOIRS** - Lakes that support warmwater fishing are found throughout the state, but are concentrated in the eastern half. Largemouth bass, walleye and northern pike are the primary species of interest. A new warmwater fish culturing facility should help to alleviate some of the fish supply problems that have occurred in the past. However, developing reliable egg sources for the new hatchery is a continuing problem.

Problems associated with management of warmwater lakes are as varied as the habitat types. Access to small reservoirs near population centers is a major issue in southeast Montana. As the popularity of some species has increased, there has been greater interest in expanding the range of selected species and the introduction of forage fish. These demands require detailed evaluations and environmental assessments to avoid negative impacts on existing fisheries. Commercial fishing has been permitted for non-game fish on some selected warmwater reservoirs. The regulation of these fisheries is a necessary part of the overall program.

**A. MANAGEMENT** - See Management Narrative under Salmonids in Streams.

**B. HABITAT** - See Habitat Narrative under Salmonids in Streams.

**C. FISHING ACCESS PROGRAM** - See Fishing Access Program Narrative under Salmonids in Streams.

**D. HATCHERIES** - The Miles City Hatchery (MCH), recently received from the Fish and Wildlife Service (1983) and renovated, supplies most of the needs for cool and warmwater fish for stocking purposes. Annually, over 120 lakes ranging from the 245,000-acre Fort Peck Reservoir to small farm ponds are stocked with over 30 million fish that include largemouth and smallmouth bass, walleye, northern pike, crappie, tiger muskie and channel catfish. Northern pike and walleye populations are spawned in the wild. Eggs or fry for the other species are obtained from other states or from the Fish and Wildlife Service. MCH also has the capability of raising forage fish. Approximately 80 percent of the fish production from MCH are walleye.

#### **E. FISH OF SPECIAL CONCERN**

The Missouri River paddlefish above Fort Peck spends most of their life in Fort Peck Reservoir. In spring, they migrate up the Missouri River to spawn. Maintenance of this population will ensure that anglers will continue to have the opportunity to fish for this species.

**V. NONGAME FISH AND OTHER AQUATIC ANIMALS** - Nongame species include fish not classed as game or sport fish, amphibians and aquatic invertebrates. These organisms are important components of aquatic food chains and indicators of water quality. These species have inherent scientific value and some are used to a limited extent for human consumption.

Commercial fishing is allowed on selected waters for a few species (carp, goldeye, suckers, buffalo fish). These fish are sold in out-of-state markets and some are sold locally as bait. Most commercial fish harvest has come from three reservoirs in central and eastern Montana. A commercial



harvest of crayfish has recently been initiated in northwestern Montana. Management efforts are implemented to minimize conflict between sport and commercial fishermen and to avoid incidental impacts on non-target species. Increasing demand for sport fishing may restrict commercial fishing opportunities in the future.

Management efforts are directed to minimize the impact of commercial fishing on the state's fishery resources, to maintain and protect habitat of "Species of Special Concern" and to restrict the distribution of nongame species used for bait.

## Base Funding

This program is financed similar to the 1991 biennium.

The federal funds are used to match state funds on a 25% state/75% federal basis. The following is a brief explanation of each account:

State Special Revenue Fund \$2,446,792  
FY92  
FY93 \$2,119,390

02409 Fish and Game Earmarked Revenue: For the support of the various programs carried on by the Department of Fish, Wildlife and Parks which benefit sportsmen. The primary source is from the sale of fishing and hunting licenses. (87-1-601, MCA)

FY92  
FY93  
Federal Special Revenue Fund \$3,361,635 \$3,481,873

03097 DJ Grants: These funds support areas of various fish management related projects. Funding is from the U.S. Fish and Wildlife Service grants. The monies are from an excise tax on fishing equipment and motorboat fuel taxes. (87-1-701, MCA)

03403 Federal and Private Revenue: These are mostly BPA federal funds used to support various fish and wildlife management related activities other than DJ funds. (LCA 1,000,000)

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
SPA-124 Permits Issued	250	270	280	280
NSLPA-310 Projects Processed	540	540	575	575
404 Permit Applications Processed	240	240	270	270
River Restoration Act (New)	0	10	10	10

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
SPA-310 Stream Contracts Issued	0	0	0	0
Stream Mechanics Workshops	1	3	3	3
Alternative Irrigation Diversion Projects	8	6	6	6
Landowners Guide to Stream Management Brochure Published	1	2	2	2
Conservation District Stream Inventory and Survey Projects	0	0	0	0
Fish Kills, Oil Spills, and Complaint Investigations	10	10	10	10
Timber Sales Audited	12	12	12	12
Pesticide Registration Reviewed	23	23	25	25
Number of Waterbodies Planted	600	546	600	586
Hatchery Facilities Upgraded:				
Miles City	Completion			
Anaconda	Initiated	Continued	Completion	
Lewistown	Initiated	Completion		
Arlee	Initiated	Completion		
Somers	Initiated	Continuing	Continuing	Continuing
Bridger				Initiated
Fish Health Inspections Conducted	88	93	98	98
Fish Import Permits Issued	39	49	59	59
FAS Site Protection Projects Completed	3	5	2	5
FAS Major Maintenance Projects Completed	0	4	1	4

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
FAS Motorboat Access Projects Completed	7	4	6	6
Management Plans Developed	5	5	5	5
Stream Sections Surveyed	204	213	213	213
Lakes, Reservoirs, Ponds Surveyed	260	265	265	265
Operation Plans, EA's EIS's Reviews	85	87	89	93
Collector's Permit Applications Processed	3	34		19
Water Reservations Activities				
Applications Pending	1			
Number of Applications	18			5
Number of Stream Miles	204	213		213
New Education Publications Completed		3	3	3
Fishing Control Applications (Processed)	23	25		25
Technical Training Sessions Conducted	4	10	4	12
Special Projects Ongoing - Water Permit Objections	15	15	15	15
Natural Resources Corp. Representation	11	11	11	11
SB 76 Decree Review	3	8	10	12
Water Reservations Activities Applications Pending	2	2	3	2
FERC Licensing/Relicensing (facilities)	17	17	19	19
Private Pond Licenses Processed	28	28	30	30



	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
LCA Contracts Administered	18	20	21	22
Commercial Fishing Permits Issued	4	4	6	6

## Increase or Decrease from Base

### Report Back Projects

Missouri River Reservations - The Department recommends continuation of the Missouri River Restoration expansion at a cost of \$83,413 per year. The 1989 Legislature approved funding which allowed the Department to pay its share of the Department of Natural Resources and Conservation's cost of preparing an environmental impact statement on the water reservations plus DNRC costs of holding contested case hearings and preparing hearing transcripts. In the 1991 biennium appropriations bill, the legislature required that the Missouri River Reservation program expansion be represented to the legislature for its reconsideration and reappropriation. The executive budget continues the program.

Streambank Projects - The Department recommends continuation of the streambank project expansion at a cost of \$41,000 per year. The 1989 Legislature approved funding which allowed the Department to construct, distribute and evaluate alternative irrigation structures which are compatible with fish production and habitat. In the 1991 biennium appropriations bill, the Legislature required that the streambank project program expansion be represented to the legislature for its reconsideration and reappropriation. The Department budget continues the

USDA-FS Fisheries Data Project - The Department recommends continuation of the USDA-FS Fisheries Data Project expansion at a cost of \$56,949 in FY92 and \$58,050 in FY93. The 1989 Legislature approved funding which allowed the

Department to finance cooperative collection of fisheries data on or adjacent to national forest lands for the purpose of improved planning and decision making in forest management activities. In the 1991 biennium appropriations bill, the legislature required that the USDA-FS Fisheries Data Project program expansion be represented to the legislature for its reconsideration and reappropriation. The Department budget continues the program.

Evaluate Fish Populations - The Department recommends continuation of the fish population evaluation expansion at a cost of \$110,196 in FY92 and \$110,158 in FY93. The 1989 Legislature approved funding which allowed the Department to evaluate and monitor fish populations, develop and assess management plans, set regulations and assess habitat conditions on priority waters.

In the 1991 biennium appropriations bill, the legislature required that the evaluate fish population program expansion be represented to the legislature for its reconsideration and reappropriation. The Department budget continues the program.

Fishing and Motorboat Access - The Department recommends continuation of the fishing and motorboat access expansion at a cost of \$32,871 in FY92 and \$33,200 in FY93. The 1989 Legislature approved funding which allowed the Department to provide assistance needed to administer the fishing access and motorboat access programs. In the 1991 biennium appropriations bill, the legislature required that the fishing and motorboat access program expansion be represented to the legislature for its reconsideration and

reappropriation. The Department budget continues the program.

Flathead Lake Fisheries - The Department recommends continuation of the Flathead Lake fisheries expansion at a cost of \$23,555 in FY92 and \$24,298 in FY93. The 1989 Legislature approved funding which enabled the Department to stock kokanee salmon on an experimental basis in response to the declines in survival of naturally spawned fish. In the 1991 biennium appropriations bill, the legislature required that the Flathead Lake fisheries program expansion be represented to the legislature for its reconsideration and reappropriation. The Department budget continues the program.

#### **New/Expanded Programs**

Clark Fork River Investigation - The Department recommends \$50,000 per year for technical assistance to Department personnel in conducting the Natural Resources Damage Assessment lawsuit. Elimination of fish kills from toxic metals, left in the Clark Fork River floodplain by nearly 100 years of mining and restoration of the trout populations in the Upper Clark Fork River are two of the goals of a massive cleanup effort by federal and state government entities. The laws which authorize this effort also authorize the state to claim payment for damages from the Anaconda Minerals Company, now Atlantic Richfield Company (ARCO), resulting from injury to natural resources. Montana filed a lawsuit claiming damages as a result of the hazardous mining wastes. One of the many tasks in this suit is for the Department to enumerate fish losses to the satisfaction of the court.

Fish Hatchery Operations - The Department recommends \$55,000 per year to address budget deficiencies in the hatchery program. Inflation increased the cost of fish food and utilities and the fish health program faces the loss of laboratory support. Routine maintenance has been deferred to fund these increases. As a result, some periodic maintenance on buildings and equipment has not been accomplished and threatens future integrity of the system.

Also, the Department has relied on the USFWS Fish Disease Center at Fort Morgan, Colorado to support disease diagnostics and certification. In the past, changes for these services have been minimal. Due to increased demand on the federal facility, these services will no longer be provided at minimal (materials only) cost. The program expansion addresses both the inflationary problems and the lab fees.

Handicapped Access Program - The Department recommends \$6,000 for a handicapped access program during the 1993 biennium. The federally-mandated 504 handicapped access program requires the Department to make both its facilities and its programs accessible to the disabled community. The program increase provides for fishing regulations to be produced for the visually-impaired in large print and for the blind on audio cassette. It also provides for a facility to be developed and constructed on the North Fork of Flint Creek, a tributary to Georgetown lake, for public viewing of spawning wild trout.

#### **Other Increases/Decreases**

Hatchery Trucks - Special language was included in HB100 from the 1989 Legislature that required hatchery trucks be removed from the base budget. Approximately \$93,500 in FY92 and \$22,000 in FY93 was removed from the base equipment request. The department is requesting that these budgets be carried forward into the future. The request is 25% state special revenue/75% federal funding.

LCA - The department is requesting an increase in LCA of \$245,000 in FY92 and \$505,000 in FY93. The increase is above the amount appropriated by the 1989 Legislature. The request is federal/private funded and is attributable to anticipated higher numbers of contracts and grants.

#### **Technical Adjustments**

Correction of an Error - An adjustment of \$68,693 was necessary to correct an overstatement in the base. The Executive Budget System did not allow for any changes past a certain date so the correction was made in the increase/decrease to the base category.

Inflation Adjustment - Due to the increase in the price of fuel, an inflationary adjustment was made in the amount of \$13,000 per year. The Executive Budget System did not allow for changes past a certain date so the adjustment was made in the increase/decrease to the base category.

# Enforcement

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Docr	----- Recommended	----- Base	Fiscal 1993 Incr/Docr	----- Recommended
Full Time Equivalent Employees	94,52	95,27	95,18	1,00	96,18	94,82	1,00	95,82
Personal Services	3,088,261.85	3,414,121	3,353,788	38,880	3,392,668	3,343,924	38,814	3,382,738
Operating Expenses	919,014.20	1,087,045	1,026,826	100,247	1,127,073	1,067,115	104,900	1,172,015
Equipment	196,028.26	100,890	100,890	3,000	103,890	100,890	3,000	103,890
Transfers	0.00	7,500	7,500	32,500	40,000	7,500	32,500	40,000
Total Agency Costs	\$4,203,304.31	\$4,609,556	\$4,489,004	\$174,627	\$4,663,631	\$4,519,429	\$179,214	\$4,698,643
State Special Revenue Fund	4,026,577.28	4,415,549	4,291,124	141,625	4,432,749	4,321,498	146,432	4,467,930
Federal Special Revenue Fund	176,727.03	194,007	197,880	33,002	230,882	197,931	32,782	230,713
Total Funding Costs	\$4,203,304.31	\$4,609,556	\$4,489,004	\$174,627	\$4,663,631	\$4,519,429	\$179,214	\$4,698,643

## Overview

The Enforcement Division provides support to accomplish the fish, wildlife and parks objectives for the department. They ensure compliance with laws and regulations through enforcement actions and education and enhance relations with landowners, recreationists and the general public through performance of their duties. This is primarily accomplished by field wardens distributed across the state geographically and by population density.

The Enforcement Division's efforts are necessary to control illegal harvest of wildlife, particularly trophy class game animals; regulate commercial activities; insure purchase of licenses; maintain the quality of recreation experience in state parks; encourage safety in recreation recreational activities; and enhance relationships between recreationists and the landowners that often provide those opportunities. Other activities include collection of biological information needed to manage fish and wildlife populations, assisting in hunter education and boat safety programs, assisting in response to game damage complaints, etc..

Accomplishments of these activities can often be dangerous when encountering or pursuing those who knowingly and wantonly break the law. The department's wardens are

highly trained in law enforcement and educated in fish and wildlife management. The increased recognition of the amount of more serious illegal activities demonstrates the need for more covert operations to uncover and prosecute these individuals.

It is the philosophy of the department to pursue enforcement action against those who destroy resources or knowingly violate any wildlife law or commission regulation. Conversely, education efforts will be used to reduce the number of violations which are committed unknowingly or unintentionally.

## Goals

The division goal is to achieve an acceptable level of compliance to fish, wildlife and parks laws and regulations. This includes enforcing the laws of this state and the rules of the department with reference to the protection and preservation of game, furbearing animals, fish, game birds and other wildlife species and protection of department owned or administered lands or waters. Through enforcement and education, promote safety in the use of boats, snowmobiles, off-highway vehicles and hunting.

## Authorization

### Title 23

- Part 1 State Parks
- Part 3 Recreation use of streams
- Part 5 Boats
- Part 6 Snowmobiles
- Part 8 Off-highway vehicles

### Title 87 - Fish & Wildlife

- Chapter 1 Organization and operation
- Chapter 2 Fishing, hunting, and trapping licenses
- Chapter 3 Restrictions and regulations
- Chapter 4 Commercial activities
- Chapter 5 Wildlife protection

### Section 15-30-303 Confidentiality of tax record

- 45-6-101 Criminal mischief (trespass)
- 70-16-301 Recreation purposes defined
- 81-7-102 Predator animal control

## Base Program

### I. Field Law Enforcement (Fish, Wildlife)

- a) Field check licensed hunters, fishermen, trappers. (87-2-103) Wardens shall insure that all who hunt, fish or trap have the proper license. (87-1-502 (2)) MCA

- b) Fraudulent license purchase investigation. (87-2-102) MCA

- c) Field check hunters, fishermen and trappers for compliance to laws of Montana and rules of the Fish and Game Commission, and investigate citizen complaints of violations. (87-1-502 (2)) MCA

- d) Fish and wildlife crimestoppers "Tip-Mont". Citizens can report violations and remain

anonymous, and still be eligible for cash rewards. (87-5-601 through 606) MCA

- e) Restitution for illegal killing of wildlife. Persons convicted of knowingly or purposefully take or possess wildlife shall reimburse the State of Montana a specified amount of money in addition to the fine. (87-1-111) MCA

- f) Special investigations addressing serious illegal commercialization of wildlife that is creating a serious negative impact on the resource. (87-3-111) MCA

- g) Assist landowners with control of recreationists who use their property, hunting big game without permission, trespass and littering. (87-3-304 & 45-6-101) MCA

### Field Law Enforcement (Parks)

- a) Field check for registration requirements, boats, snowmobiles, all terrain vehicles. (23-2-641 & 642, 23-2-806) MCA

- b) Promote safe use and equipment standards for boats, snowmobiles, all terrain vehicles. (23-2-523, 23-2-535, 23-2-632) MCA

- c) Enforce state park and recreation area public use rules. (23-1-106) MCA

### II. Administration

- a) Budgets, planning, training

- b) Administration of special purpose licenses, game farm, private pond, taxidermist, falconer, etc., inspections and monitoring reporting requirements, commercial activities. (87-4-201 through 1014) MCA

- c) Field administration of license agents, delivering licenses, regulations, field audit and

keeping agents current on department issues.  
(87-2-901 through 904) MCA

### III. Fish and Wildlife Management

- a) Wardens shall assist in the propagation of wildlife. This includes providing physical support, manpower and equipment to assist wildlife and fish divisions with transplanting, trapping, marking or collecting wildlife species. (87-1-502 (4)) MCA
- b) Collect biological information for season settings.
- c) Tag or measure game animals and furbearers.
- d) Respond to wildlife damage complaints within 48 hours. (87-1-225) MCA
- e) Assist in bison control program. (87-2-723) MCA

### IV. Information and Education

- a) Provide information and programs that enhance understanding of agency programs as well as listen to concerns of constituents.
- b) Enhance landowner/sportsman/department relations by one on one contact with landowners.
- c) Provide communication on agency programs with sportsman clubs, service clubs, youth groups, other industry groups.
- d) Assistance to state, local and federal agencies by providing manpower and technical expertise in mutual law enforcement efforts.
- e) Conduct training for hunter education programs. (87-2-105) MCA
- f) Conduct water safety training programs. (23-2-501) MCA

Department of Fish, Wildlife and Parks

## Base Funding

The primary funding source is state hunting and fishing license funds. In addition, funds from the Parks program are used to finance enforcement services for the state park system. Boat safety, snowmobile safety, and ATV programs are supported by decal fees.

The federal funds are from the Coast Guard for water related education and safety programs.

<b>State Special Funds</b>	<b>FY92</b>	<b>FY93</b>
	<b>\$4,291,124</b>	<b>\$4,321,498</b>

02115 Off-Highway Vehicle: The department received the \$5 decal fee which owners of off-highway vehicles are required to pay. The decal fee and the interest earned thereon is distributed 40% for the enforcement of the off-highway vehicle registration act, and 60% for the development and implementation of an off-highway vehicle recreation program. The department also receives any fines collected for violations of this act. Fifty percent of these fines and the interest earned thereon is used for enforcement of the act, and the other 50% is used to promote vehicle safety and education. In addition, the department receives the \$5 registration fee. These fees and the interest earned thereon is used to promote vehicle safety and education. (HB 165, Sections 23-2-804,807 and 61-3-510 MCA)

02408 Coal Tax Trust Earnings: Designed for the acquisition and management of state parks. The source is the interest earned from the Coal Tax Trust Account. (15-35-108 (3f) MCA)

02409 Fish and Game Earmarked Revenue: For the support of the various programs carried on by the Department of Fish, Wildlife and Parks which benefit sportsmen. The primary source is from the sale of fishing and hunting licenses. (87-1-601 MCA)

02411 State Parks Earmarked Revenue: Supports general operations relative to state parks. Sources are entry fees and camping fees collected at State Parks, cabin site

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rentals, concessionaire payments and other miscellaneous revenue. (23-1-105 MCA)

02412 Motorboat Fuel Tax: Of the gasoline taxes, .9% is earmarked for creation, improvement, and maintenance of parks where motorboats are allowed. (60-3-201 (4) MCA)

02413 Motorboat Certification and Identification: Administration and enforcement of motorboat and vessel regulation statutes. The \$2 decal on motorboats and violation fines provide the funds. (23-2-502 MCA)

02414 Snowmobile Registration Earmarked Revenue: Accounts for the \$2 decal fee for snowmobiles. Restriction: \$1 of each fee for enforcement, \$1 for development, maintenance,

and operation of snowmobile facilities. All fines and forfeitures under this part are deposited to this account and used for snowmobile education and safety. (23-2-616 MCA)

**FY92** **FY93**  
**Federal Revenue Fund** **\$197,880** **\$197,931**

03403 Federal Revenue: These are mostly federal Coast Guard funds used to support a boating safety program. (LCA \$7,500)

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Citations Filed	3,836	4,337	4,400*	4,000*
Courtesy Citations Filed	742	910	1,000*	1,000*
Hunters & Fishermen Checked	92,777	100,000	100,000*	100,000*
Hours in Department Recreation Areas	5,367	6,600	7,000*	7,000*
License Dealer Contacts	4,740	5,000	5,000*	5,000*
Sportsman Club Meetings	327	350	350	350
Speeches, TV, Radio, Newspaper	347	400	400	400
Total Vehicle Miles Driven	1,484,702	1,600,000	1,600,000*	1,600,000*
Amount of Civil Restitution	\$24,869	\$25,000	\$25,000	\$25,000
Total Tip-Mont Calls	490	500	600	600
Number of Citations Tip-Mont	30	40	50	50
* Assuming all present warden positions remain filled.				



## **Increase or Decrease from Base**

### **Report Back Projects**

Enforcement Relocation - The department recommends continuation of the \$27,000 per year appropriated in the 1991 biennium for warden relocation costs. The 1989 legislature appropriated state special revenue which allowed the department to relocate wardens. In the 1991 biennium appropriations bill, the legislature required that the \$27,000 be represented to the legislature for its reconsideration and reappropriation. The Enforcement Division anticipates that there will be up to nine or ten relocations during the FY92-93 biennium.

### **New/Expanded Projects**

Special Investigations - The department recommends 1.00 FTE and \$80,000 per year from state special revenue to expand the law enforcement special investigation section. Illegal trafficking of game animals has been determined to be more widespread than anticipated. Current enforcement programs are inadequate to address these problems. Present capability of the investigation section is addressing only 25% of the requested investigations.

### **Other Increases/Decreases**

LCA - The Department is requesting an increase in LCA of \$32,500 in FY92 and FY93. The increase is above the amount appropriated by the 1989 legislature. The request is partially federally funded and will also allow the Enforcement Division to spend reimbursements related to the covert operation program.

### **Technical Adjustments**

Building Rent Increase - The amount of \$9,282 in FY92 and \$11,823 in FY93 will be needed to pay for larger office space for the covert operations program. The Executive Budget System did not allow for any changes past a certain date so this adjustment was made in the increases/decreases to the base category.

Inflation Adjustment - Due to the increase in the price of fuel, an inflationary adjustment was made in the amount of \$21,706 for each year. The Executive Budget System did not allow for any changes past a certain date so this adjustment was made to the increases/decreases to the base category.

# Wildlife

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
	96.83	97.43	96.93	.40	97.33	96.93	.40	97.33
Personal Services	2,742,963.36	3,006,907	2,958,998	14,407	2,973,405	2,959,702	14,388	2,974,090
Operating Expenses	1,837,753.06	3,639,325	2,731,861	97,734	2,829,595	2,762,304	99,702	2,862,006
Equipment	95,171.76	111,885	111,685	-71	111,614	111,685	0	111,685
Grants	55,262.79	50,000	36,380	0	36,380	36,380	0	36,380
Transfers	0.00	1,165,000	1,165,000	239,500	1,404,500	1,165,000	166,500	1,331,500
<b>Total Agency Costs</b>	<b>\$4,731,150.97</b>	<b>\$7,973,117</b>	<b>\$7,003,924</b>	<b>\$351,570</b>	<b>\$7,355,494</b>	<b>\$7,035,071</b>	<b>\$280,590</b>	<b>\$7,315,661</b>
State Special Revenue Fund	2,572,681.92	4,414,791	3,381,829	246,217	3,628,046	3,289,697	357,303	3,647,000
Federal Special Revenue Fund	2,158,469.05	3,558,326	3,622,095	105,353	3,727,448	3,745,374	-76,713	3,668,661
<b>Total Funding Costs</b>	<b>\$4,731,150.97</b>	<b>\$7,973,117</b>	<b>\$7,003,924</b>	<b>\$351,570</b>	<b>\$7,355,494</b>	<b>\$7,035,071</b>	<b>\$280,590</b>	<b>\$7,315,661</b>

## Overview

The wildlife division of the Montana Department of Fish, Wildlife and Parks is responsible for carrying out the department's statewide wildlife management program. The basic components of the wildlife program are as follows:

- \* Protection, regulation and perpetuation of wildlife populations, with habitat management and regulated harvest being the primary management tools.
- \* Promotion of land management practices which will maintain, enhance and perpetuate wildlife habitats vital to maintaining Montana's wildlife populations, now and into the future.
- \* To provide quality wildlife recreational opportunity to the public, and to allocate recreational opportunity to the public on a fair and equitable basis.
- \* To provide sound information to the public regarding conservation of wildlife populations and wildlife habitats.

To fulfill the goals of the wildlife program, Wildlife Division personnel monitor condition of wildlife

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populations and wildlife habitats, formulate hunting season recommendations, design and implement habitat enhancement mitigation projects on public and private lands, analyze technical data and produce technical reports required by regulatory agencies, assisting landowners with hunter management and game damage problems, work with private landowners and public land management agencies to maintain or regulate hunter access, providing information and technical expertise to federal and state agencies, corporations, private groups and landowners regarding management of wildlife and wildlife habitats; provide laboratory diagnostic services to other state and federal agencies and manage state-owned wildlife management areas (WMAs).

## Goals

The goal of the wildlife program, founded in a 1901 legislative mandate is to protect, perpetuate, enhance, and regulate the wise use of renewable wildlife resources and their for public benefit now and in the future.

## Authorization

- 87-1-708 (Assent to Pittman -Robertson Act --authority of department)
- 87-1-710 (Use of hunters' license fees for department purposes only)
- 87-2-724 (Auction of one moose license with proceeds being used to benefit moose)
- 87-2-722 (Auction of one bighorn sheep license with proceeds being used to benefit sheep)
- 87-5-107 (Listing of endangered species)
- 87-1-611 (Fish and Wildlife Mitigation Trust Fund created)
- 87-5-121 (Nongame wildlife special revenue account)
- 87-1-241 et seq MCA (Wildlife habitat acquisition)
- 87-1-209 (Acquisition and sale of lands or waters)
- 87-1-246 - 87-1-249 (Upland Game Bird Enhancement Program)
- 87-2-411 (Stamp required to hunt waterfowl)
- 87-2-412 (Procurement and sale of artwork for waterfowl stamp - disposition of proceeds)
- 87-1-242 (Funding for wildlife habitat)

## Base Program

The wildlife division is charged with responsibility for managing 502 species of mammals, birds and reptiles that are legislatively defined as being in one of the following categories: big game, small game, furbearers, nongame and threatened and endangered species.

In 1988, some 239,000 hunters purchased over 450,000 hunting licenses and spent more than 2.34 million days afield. In addition to the "quality of life" benefits of

the recreation provided by the wildlife program, the accrued economic benefits of wildlife recreation are now widely recognized as a major asset to Montana's economy.

**Big Game** - Demand for big game-oriented recreation continues to increase. In 1988, most of Montana's big game species were at record high population levels. Harvest and recreation objectives for deer, elk, and antelope were achieved. Those for black bear, bighorn sheep, moose, mountain goat and mountain lions were not, indicating a need for additional management efforts. A cooperative bioeconomics study done by FWP, USFS and BLM in 1985 determined that resident and nonresident elk, deer and antelope hunters stimulated Montana's economy by spending \$126.7 million for supplies, gasoline, lodging, travel and other hunting-related goods and services.

**Small Game** - Demands for recreation oriented toward small game also is expected to increase. Upland game bird numbers were low during 1987-89, due mostly to lack of nesting cover attributed to drought and excessively high temperatures during the hatching period. The state's turkey populations are now recovering from the drought years. Continental duck populations remain at 35-year lows due to drought, wetland drainage, and pesticide usage. Goose, swan, crane and dove numbers continue to increase. Fortunately, those highly productive species are capable of rapid rebounds, if their habitats can be improved.

**Furbearers** - Trappers numbered 18,900 in 1988. They spent 70,300 days afield and marketed some 64,600 pelts. While a nucleus of trappers pursue fur animals for recreation, total participation is influenced considerably by fur prices.

**Non-Game Species** - Our activities in managing the myriad of nongame animals emphasize improving public awareness about their ecological importance and contribution to our high quality of life in Montana. FWP personnel assist volunteers in activities such as expanding distribution of wooden nest boxes for mountain bluebirds. Volunteers assist FWP in conducting various breeding bird surveys (songbirds and raptors).

**Threatened and Endangered Species** - FWP is continuing its efforts to have the grizzly bear delisted in the Northern Continental Divide Ecosystem, with full management authority for this resident species restored to the state of Montana. Meanwhile, FWP manages limited grizzly bear hunting and control of "problem" grizzlies through hunter harvest and relocation. FWP is also involved in ongoing negotiations with the USFWS concerning management of other endangered species (whooping cranes, black-footed ferrets, and the Rocky Mountain wolf), and participates in inter-agency recovery programs for the peregrine falcon and the bald eagle. Federal funding for the department's participation in these activities has historically been inadequate or non-existent depending on the species.

#### WILDLIFE POPULATION MANAGEMENT

FWP activities in the management of wildlife populations are geared toward maintaining healthy, productive wildlife populations which will sustain the recreational benefits demanded by the public. To that end, FWP personnel inventory and monitor big game and small game populations, formulate annual hunting and trapping season recommendations based on condition of wildlife populations and their habitats, provide assistance to private landowners to prevent or to alleviate wildlife damage to crops or other property, provide ex-officio law enforcement services to assist landowners with hunter management on their lands, provide other assistance to landowners through FWP's Block Management program, reestablish wildlife populations in suitable habitat through trapping and transplanting; and conduct investigations to determine animal and human health risks resulting from contact with diseased or contaminated wildlife. To effectively carry out these activities, FWP administrative personnel plan, prioritize and review all on-going wildlife management projects to assure that work efforts remain oriented toward the goals and objectives of FWP's wildlife management program.

Wildlife management activities conducted in cooperation with other state and federal agencies and with private landowners, corporations and conservation groups include: formal communications and coordination in matters of mutual concern or jurisdiction, providing technical expertise in

wildlife and habitat management, formulation of wildlife mitigation measures, provide guidance to other state and federal agencies concerning activities which may impact state or federally designated threatened or endangered species, review and comment on environmental assessments (EAs), environmental impact statements (EISs) and planning documents for other agencies and monitor population status and recovery efforts for threatened and endangered species.

To assure the success of the wildlife management program, FWP personnel are also responsible for developing improved techniques to better manage wildlife populations and providing wildlife and habitat information to the general public (recreation groups, schools, youth groups and other organizations). FWP personnel are expected to be available to interest groups and organizations to address issues of particular interest or concern.

In addition to the technical/biological aspects of FWP's management program, success in achieving FWP wildlife management goals is contingent upon the following socio-political variables:

- The definition and expectations of what constitutes a "high quality" hunting experience vary widely among the 239,000 hunters who hunt in Montana, and those perceptions and expectations change from one year to the next.
- FWP has primary jurisdiction for managing resident and migratory wildlife on a very large area of over 90 million acres. Most of that land area is owned and managed either by federal land management agencies or by private landowners.
- Wildlife management actions implemented by FWP must address the jurisdictional and social concerns of: 8 federal agencies, 9 Montana state agencies, 7 Indian reservations and approximately 23,000 private landowners.
- Public interest in viewing and photographing wildlife is increasing substantially and must be addressed.

- The public is very concerned about equitable distribution of hunting licenses and 2.5 million days of hunting recreation among hunters, trappers, guides and outfitters.
- Increasing competition for the land and the water that supports wildlife and wildlife recreation.
- Demands for subsistence and cultural uses of available off-reservation wildlife.

#### WILDLIFE HABITAT MANAGEMENT

##### CONSULTATION

Field biologists employed by FWP provide expertise on wildlife habitat requirements and land management practices to USFS, BLM, State Lands, USFWS, SCS, ASCS, DNRC, private conservation groups, county government and private landowners. Such expertise is provided during field and office reviews. Biologists review and provide input to EAS, EISs and planning documents compiled by other public agencies and private organizations and attend public meetings related to land use changes. Montana's wildlife resource, and the kinds and amounts of recreation which that resource can provide, are dependent upon the quantity and quality of habitats available to wildlife.

##### WILDLIFE HABITAT ACQUISITION AND MANAGEMENT

Wildlife Management Areas (WMAs) owned by FWP were acquired with hunting license dollars and federal Pittman-Robertson funds.

WMAs are operated and maintained to meet the specific wildlife and habitat objectives for which they were purchased. Habitat quality and quantity have been enhanced through implementation of WMA management plans.

There are approximately 15 FTE's dedicated to operating and maintaining the department's 62 WMA's, including fence construction, fencing repair, minor road work, maintaining camping sites, working with sharecroppers, developing leases, weed spraying, sign maintenance and repair, monitoring recreation use (especially during the hunting

season), working with contractors and implementing habitat improvement projects such as shelterbelt plantings, island development, renovating meadows, planting more desirable plant species where native plant communities have been subdued, and rejuvenating native plant communities through silvicultural, grazing and other vegetation manipulation techniques.

Maintenance and development of WMAs is geared toward keeping the lands in condition necessary to meet stated objectives for habitat condition, animal population levels and recreational use by the public.

##### UPLAND GAME BIRD HABITAT ENHANCEMENT

IMPLEMENTATION OF HABITAT IMPROVEMENT PROJECTS: Statute 87-1-246 provides earmarked revenues from the sale of upland game bird hunting licenses (\$2.00 - resident; \$23.00 - nonresident) to fund the Upland Game Bird Program.

FWP personnel coordinate project selection, design, implementation schedule and required management agreements with private landowners and conservation groups (Pheasants Forever). Whenever possible, habitat improvement projects are integrated with existing federal agriculture programs (such as wildlife habitat provisions in the 1985 Farm Bill). On occasion, FWP provides matching funds to conservation groups or to other agencies (SCS, USFS) for completion of approved habitat projects.

FWP also develops brochures, videos and other informational items to disseminate information regarding the Upland Game Bird Enhancement Program to landowners and other public groups. FWP also monitors the effectiveness of all habitat improvement projects which receive funding through the program.

PHASANT RELEASES: Guidelines for selection of pheasant release sites and pheasant release procedures are outlined in 87-1-248. FWP personnel are responsible for evaluating potential release sites and selecting release sites which meet criteria for suitable pheasant habitat. FWP personnel also supervise release of the birds on approved sites and arrange for payment of the person(s) who raised the birds under provisions of the program.

Amending legislation of 1989 mandates that earmarked funds from a given fiscal year will be devoted to the pheasant release program with remaining unexpended funds devoted to habitat improvement projects during the following fiscal year. Less than 10% of annual earmarked revenues have been expended on pheasant releases in any year since inception of the program. The amending legislation of 1989 limits administrative costs to 10% of annual earmarked revenues.

#### **WATERFOWL STAMP**

Funding for this program is generated primarily through sale of \$5 waterfowl stamps to waterfowl hunter and to stamp collectors. The sale of limited edition duck stamp prints and posters accounts for less than 10% of the waterfowl artwork revenues. Prompted by declining duck populations during the 80s, a downward trend in numbers of waterfowl hunters has resulted in a steady and significant decline in duck stamp revenues since the waterfowl stamp program was initiated.

Monies generated by private fundraisers are made available to the Waterfowl Stamp Program through the Ducks Unlimited MARSH program as matching dollars (usually on a 1:1 match).

FWP personnel coordinate the process of selecting appropriate artwork for the stamp and subsequent publication of the selected work in stamp, print and poster format. FWP personnel also coordinate sale of the stamps and related artwork to waterfowl hunters and stamp collectors.

FWP personnel coordinate selection and design of habitat improvement projects and the implementation schedule with private landowners, conservation groups (Ducks Unlimited) and federal agencies (USFWS, SCS). Upon initiation of a waterfowl habitat project, FWP personnel complete permit applications to fulfill all state and federal regulatory requirements and oversee finalization of cooperative management agreements with private landowners and appropriate state and federal agencies.

During and following completion of the project, FWP is responsible for monitoring the effectiveness of habitat

improvement efforts and for developing brochures, videos and other informational items for public dissemination.

### **Base Funding**

The proposed funding is similar to that of the 1991 biennium.

The division receives funding from several state earmarked sources, and federal funds. The Pittman-Robertson(PR) is matches 25% state/75% federal. The remaining federal funds are potential contracts the division could receive that are appropriated through the use of Legislative Contract Authority.

The following is a brief description of each account:

State Special Funds	FY92	FY93
	\$3,381,829	\$3,289,697

02061 Non-Game Wildlife Account: The source of funds is the voluntary contribution by taxpayers of income tax refunds, direct donations, and interest earnings. These monies are to fund nongame wildlife management programs (87-5-121 MCA)

02085 Waterfowl Stamp Special: Used to receive money from the sale of stamps and related artwork for waterfowl. The money may be expended only for the protection, conservation and development of the wetlands in Montana (87-2-411,412 MCA)

02086 Mountain Sheep Licenses: To account for monies received from the auction of one mountain sheep license. The receipts must be used for the benefit of mountain sheep (87-2-722 MCA)

02112 Moose Auction Account: Accounts for revenue generated by the auction of one moose license each year. The funds must be used for moose related research, management and habitat improvement (Section 87-2-724 MCA)

02113 Upland Game Bird Enhancement: The uses of these funds are restricted to 10% for the administration of the



Upland Game Bird Enhancement program, and to pay for the cost of releasing pheasants. All funds unexpended for the administration of the program and the cost of releasing birds, reverts at the end of the year for use in developing, conserving, and enhancing upland game bird habitat. Funds are derived from a portion of the nonresident game bird license, nonresident big game combination license, resident game bird license, and resident sportsman license. (87-1-246-520 MCA)

02409 Fish and Game Earmarked Revenue: For the support of the various programs carried on by the Department of Fish, Wildlife and Parks which benefit sportsmen. The primary source is from the sale of fishing and hunting Licenses. (87-1-601 MCA)

02469 Habitat Trust Interest: Funds are used for the development and maintenance of department real property

used for wildlife habitat. Interest earned on deposits in the Real Property Trust - Wildlife Habitat Account 09006 is the source of revenue for this entity. (87-1-242 MCA)

**Federal Revenue** **FY92** **FY93**  
3,622,095 3,745,374

03097 PR Grants - These funds support areas of various wildlife management related projects. Funding is from U. S. Fish and Wildlife Service grants. The funds are provided by manufacturer's Federal Excise Tax on sporting arms and ammunition (87-1-709 MCA)

03403 Federal Revenue - These are miscellaneous federal funds used to support various wildlife management related activities other than PR funds. (LCA)

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Number of Game Animals and Furbearers Harvested				
Big Game	189,551	190,000	162,000	162,000
Upland Game Birds	273,733	274,000	274,000	274,000
Migratory Game Birds	90,000	90,000	90,000	90,000
Furbearers	64,600	65,000	65,000	65,000
Hunter Recreation-Days Provided				
Big Game	2,023,905	2,107,400	1,928,400	1,928,400
Upland Game Birds	211,400	212,000	212,000	212,000
Migratory Game Birds	107,415	110,000	110,000	110,000
Furbearers	70,300	70,600	70,600	70,600



	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Meetings of Recreational Organizations Attended	450	450	450	450
Meetings of Landowner Organizations Attended	200	200	200	200
Programs Presented				
Technical	180	180	180	180
Popular	280	280	280	280
Number of Wildlife Transplanted				
Bighorn Sheep	40	100	100	100
Turkey	50	50	50	50
Federal Agency EAs and EISs Reviewed	190	190	190	190
Threatened and Endangered Species Recovered	0	0	1	1
Bioeconomic and Hunter Preference Surveys Conducted	20	20	20	20
Wildlife Habitat Management Consultation				
Habitat Projects Initiated	240	240	219	219
Habitat Development/Enhancement	550	550	550	550
(projects for which technical expertise is provided)				
Wildlife Habitat Acquisition				
Acres of Important Wildlife Protected	21,495A	27,280A	25,000A	25,000A
Wildlife Management Areas				
Acreage of Habitat Improvement	9,500	10,000	10,000	10,000

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Acres of Weed Control	2,000	2,000	2,000	2,000
Fences Constructed	50 mi	50 mi	50 mi	50 mi
Fences Maintained	500 mi	500 mi	500 mi	500 mi
Road Maintained	100 mi	100 mi	100 mi	100 mi
Upland Game Bird Habitat Enhancement				
Acres of Nesting Cover Established	9,000	14,800	11,500	11,500
Acres of Winter Cover Established	1,000	3,500	2,000	2,000
Acres of Upland Bird Food Plots Established	800	1,000	1,000	1,000
Pheasants Released	400	400	400	400
Cooperators in Habitat Enhancement Projects	100	160	120	120
Waterfowl Stamp				
Surface Acres of Wetland Habitat Impounded or Enhanced	200	50	50	50
Acres of Nesting Cover Established or Enhanced	1,000	1,000	1,000	1,000
Nesting Islands Constructed	5	6	5	5
Artificial Nesting Structures Installed	300	300	290	290
Acres of Existing Waterfowl Habitat Protected by Lease, Easement, or Fee Title	700	1,000	1,000	1,000
Fencing for Rest Rotation Grazing Systems	2 mi	2 mi	2 mi	2 mi

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Shrubs Planted	10,000	10,000	10,000	10,000

## Increase or Decrease from Base

### Report Back Projects

Habitat/Timber Sale - The department recommends continuation of the Habitat Timber Sales planning expansion at a cost of \$16,250 per year from the state special revenue. The 1989 legislature appropriated state and federal revenues to finance a wildlife biologist with the Department of State Lands (DSL). The biologist is to implement habitat guidelines for timber sales on state forest lands to continue training DSL employees for timber sale planning which is compatible with wildlife values and concerns. In the 1991 biennium appropriation bill, the legislature required that the habitat timber sales planning expansion be represented to the legislature for its reconsideration and reappropriation. The executive budget continues the program.

Operations - The department recommends continuation of \$90,600 per year of Wildlife Division operating expenses approved in the 1991 biennium budget. The 1989 Legislature approved additional operating funds because the FY88 base did not accurately reflect annual costs. The mild winter of 1988 caused lower than average operating expenditures. In the 1991 biennium appropriation bill, the legislature required that these expenses be represented to the legislature for its reconsideration and reappropriation. The executive budget continues the \$90,600 per year with half from state special revenue and half from federal special revenue.

### New/Expanded Projects

Canyon Ferry - The department recommends increasing the current 0.60 FTE position at Canyon Ferry WMA to a 1.00 FTE. The cost of the increase is \$7,712 in FY92 and \$7,706

in FY93. The increase would help alleviate disparity in workload and would be used to address several wildlife priority issues, including maintenance of the WMA, upland game bird program work, and game damage assistance. Funding is from state special revenue.

### Other Increases/Decreases

LCA - The Department is requesting an increase in LCA of \$239,500 in FY92 and \$166,500 in FY93. The increase is above the amount appropriated by the 1989 Legislature. The request is federal/private funded and is partially related to spending funds from the mitigation trust account funded by the Bonneville Power Administration.

Operations Decrease - The transfer of 0.75 FTE from Wildlife's general operating budget to the Upland Game Bird program resulted in a decrease in the general license budget of \$21,855.

### Technical Adjustments

Inflation Adjustment - Due to the increase of the price of fuel, an inflationary adjustment was made in the amount of \$16,541 for each year. The Executive Budget System did not allow for any changes past a certain date, so this adjustment was made in the increases/decreases to the base category.

# Parks

	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual		Appropriated		Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	96.23		96.23		96.07	8.44	104.51	96.43
Personal Services	1,787,991.60		2,167,725		2,202,297	179,639	2,381,936	2,211,851
Operating Expenses	1,413,214.28		1,959,468		1,993,672	262,393	2,256,065	1,997,806
Equipment	164,075.93		230,448		226,948	-3,038	223,910	226,948
Grants	121,315.35		0		350,000	0	350,000	350,000
Transfers	0.00		0		8,000	25,000	33,000	8,000
Total Agency Costs	\$3,486,597.16		\$4,357,641		\$4,780,917	\$463,994	\$5,244,911	\$4,794,605
General Fund	0.00		0		0	750,000	750,000	0
State Special Revenue Fund	2,898,906.52		3,666,430		3,731,854	-188,150	3,543,704	3,745,356
Federal Special Revenue Fund	288,754.01		334,836		689,039	-24,824	664,215	688,929
Proprietary Fund	298,936.63		356,375		360,024	-73,032	286,992	360,320
Total Funding Costs	\$3,486,597.16		\$4,357,641		\$4,780,917	\$463,994	\$5,244,911	\$4,794,605
								\$493,008
								\$5,287,613

## Overview

The mission of the Parks Program is to conserve the scenic, historic, archaeological, scientific, and recreational resources of the state and provide for their use and enjoyment, thereby contributing to the cultural, recreational, and economic life of the people and their health.

The Parks Division is responsible for 60 parks and 8 affiliated lands including natural, recreation and cultural sites. The division also maintains 266 fishing access sites. Other heritage and recreation programs include administration of the snowmobile program, off-highway vehicle program, Land and Water Conservation Fund, capitol grounds maintenance, and Montana Conservation Corps (not yet activated due to funding shortages).

The State Park Futures Committee was appointed by the Governor to seek public comment and develop solutions on solving the critical Parks Division funding needs. Our system is understaffed, underdeveloped, and poorly maintained and enforced due to severe funding shortages.

The fee system instituted in 1989 has generated revenue but only a small proportion of the need and is not the answer. Other solutions are needed including new revenue sources. Montana has one of the lowest budgets of any parks program in the country considering our quality resources and is the only state park system in the nation that does not receive general tax support. This situation seriously impacts Montana's "drawing power" and tourism potential.

## Goals

- \* To provide visitors and their families a quality outdoor experience essential to a healthy lifestyle.
- \* To provide visitors and their families with an opportunity to visit Montana's past at unique archeological and historic parks.
- \* To maintain and promote the value of the pristine scenery & wildlife associated with the Montana parks program as unique and desirable.

\* To maintain the integrity and protection of natural, cultural and historic resources which are the foundation of our system and are a part of every citizen's heritage.

\* To promote tourism, create jobs and stimulate the state economy while maintaining Parks Program integrity.

\* To balance the state park system with the level of public support and financial resources which will result in a quality program.

## Authorization

Title 23 Chapter 1 MCA. The state parks organic act of 1939 outlines the purpose of state parks, and following sections outline specific powers and duties associated with the purpose.

Sec. 23-2-103 MCA. Authorizes the department to comply with the requirements of the Land & Water Conservation Fund Act of 1965 for the purpose of receiving federal grants-in-aid for park and recreation acquisition and development projects.

Sec. 23-2-616 MCA. Authorizes the department to develop, maintain, and operate snowmobile facilities.

Sec. 2-17-111 MCA. Requires the department to provide for maintenance of grounds in the state capital area.

Sec. 23-2-801 MCA. Authorizes the department to implement a program and plan appropriate off-highway vehicle recreation use.

Sec. 23-1-301 MCA. Authorizes the department to implement a Montana Conservation Corps.

## Base Program

Parks Division responsibilities include compliance with federal and state laws and regulations regarding public

safety and liability, hazardous waste disposal, disabled accessibility, weed control, campground standards, drinking water standards, solid waste disposal standards, subdivisions, workmen's compensation, compensatory time, dam safety, and private contractor requirements. Objectives for major program elements are as follows.

**Fishing access** - The division operates and maintains sites for public fishing. These are relatively small areas located on lakes, rivers or streams where there is a priority need for public access. Overall program coordination is the responsibility of the Fisheries Division. The division objective is to provide service levels such as trash removal, toilets, water, campsites, road maintenance, boat launches, etc., commensurate with the type of use that occurs at the 266 sites.

**The State Park System** - The division provides for the management of a coordinated system of 68 land and water areas. Management activities include securing inholdings, construction of facilities, law enforcement, interpretation and the provision of information, operations, general maintenance, and coordination with other agencies. The division objective is to provide partial funding and/or administrative assistance for 12 affiliated units (such as Whittetcar Rifle Range) as well as the units below.

**Natural Parks** - These units preserve and exhibit outstanding natural or scenic values representative of the major physiographic regions of the state. They may often contain outstanding geological, ecological, vegetative, wildlife, paleontological, or cultural features of statewide or national significance which possess interpretive, educational, and inspirational value. State parks should be capable of attracting visitation on a statewide basis, and providing a variety of resource-oriented recreation opportunities. The division objective is to provide low service levels at 12 units (such as Wild Horse Island).

**Cultural and Historic Parks** - These units preserve and exhibit an outstanding assemblage of cultural resources of statewide or national significance which possess interpretive, educational, and inspirational value.

Cultural parks should be capable of attracting visitation on a statewide basis, and may provide a variety of compatible recreation opportunities. The division objective is to provide low service levels at 15 units (such as Rosebud Battlefield).

**Recreation Parks** - These units are in predominantly non-urban, relatively natural settings of the best available scenic quality. Physical features may be modified as necessary to provide a broad selection of resource-oriented recreation opportunities for large numbers of people. Areas should be capable of attracting significant regional and statewide visitation. They are normally associated with a quality water resource suitable for recreational use. The division objective is to provide low service levels at 25 units (such as Cooney Reservoir).

**Heritage & Recreation Programs** - These division programs provide programming, regulation, facilities, maintenance, and coordination with appropriate land managers, rather than the management of land and water areas.

**Snowmobile Trails Program** - Snowmobile trails responsibilities include regulating riders and promoting safety by the Enforcement Division, and providing funding for snow plowing, access roads, parking lots, grooming and marking trails by the Parks Division.

Conservation Education responsibilities include establishing working relationship with clubs, organizations and individuals and informing them about rules, regulations, laws, and the ethical and safe operation of motorized equipment.

The primary objective of the program is to increase the enjoyment and reduce the number of accidents by increasing the public's awareness of rules and regulations governing their sport and safe and ethical operation.

The division objective is to provide for 3200 miles of groomed snowmobile trails.

**Off Highway Vehicle** trails program responsibilities are new and include providing loop trails, trail maintenance, trailheads, acquisition of trail easements, and user facilities through grants-in-aid to local clubs.

Conservation Education responsibilities include establishing working relationship with clubs, organizations and individuals and informing them about rules, regulations, laws, and the ethical and safe operation of motorized equipment. The primary objective of the program is to increase the enjoyment and reduce the number of accidents by increasing the public's awareness of rules and regulations governing their sport and safe and ethical operation.

The division objective is to complete an OHV program plan in 1992 and to initiate implementation of the plan in '92/'93.

**Community/Statewide Recreation** - As the state outdoor recreation agency we provide federal Land and Water Conservation Fund (LWCF) 50 percent matching grants for community and statewide recreation areas and facilities such as the acquisition and development of community parks, playgrounds, swimming pools, golf courses, and state parks, fishing access, and wildlife management areas. We plan for statewide recreation needs through the Statewide Comprehensive Outdoor Recreation Plan (SCORP). The division objective is to publish a 5-year SCORP plan in 1993, insure continuing compliance of 775 existing projects, and fund state park renovations. Because of seriously declining funds (i.e., a 95% reduction since 1979), current funds have only been available for state park commitments. The 1991 apportionment may provide for some local government projects.

**State Capitol Grounds** maintenance responsibilities were given to us by the 1983 legislature. Statutory authority was granted in 1985. Funding for this is currently provided by a 24 cent (\$.24) per square foot assessment on all the state buildings within the complex. The division objective is to provide moderate service level maintenance contracts on 22 acres.



**Montana Conservation Corps** responsibilities were given to us by the 1989 legislature "to provide a work experience program for unemployed or economically disadvantaged youth and adults that will result in the conservation, improvement and preservation of our state's scenic, historic, scientific and recreational resources." Initiation of program implementation has been delayed due to lack of funding to match authorization. General fund or other revenues currently not available may be needed to allow this program to move forward.

## BASE FUNDING

The proposed funding is similar to that authorized in the 1991 biennium. The division has a complex funding structure. Numerous state special funds are used as provided for in state law. The majority of the federal funds are from the Land and Water Conservation Fund (LWCF). These may be used in the department's capital program and as pass-through funds to local governments which must match the federal funds with local funds on a 50% local/50% federal basis.

The division operates two proprietary accounts - one for replacement of snowgrooming equipment and the other for grounds maintenance of the State Capitol Complex. The following is a brief explanation of each account:

<b>General Fund</b>	<b>FY92</b>	<b>FY93</b>
	<b>\$750,000</b>	<b>\$750,000</b>
<b>State Special Revenue Fund</b>	<b>\$3,731,854</b>	<b>\$3,745,356</b>

**02115 Off-Highway Vehicle:** The department receives the \$5 decal fee which owners of off-highway vehicles are required to pay. The decal fee and the interest earned thereon is distributed 40% for the enforcement of the off-highway vehicle registration act, and 60% for the development and implementation of an off-highway vehicle recreation program. The department also receives any fines collected for violations of this act. Fifty percent of these fines and the interest earned thereon is used for enforcement of the act, and the other 50% is used to promote vehicle safety and education. In

addition, the department receives the \$5 off-highway vehicle dealer renewal of registration fee, and the \$5 registration fee. These fees and the interest earned thereon is used to promote vehicle safety and education. (HB 165, Sections 23-2-804, 807 and 61-3-510 MCA)

**02407 Snowmobile Fuel Tax:** Of the state gasoline tax, .5% is earmarked for this account. Of this amount, 90% is for the development and maintenance of snowmobile facilities and the other 10% is used to promote snowmobile safety. (60-3-201 (5) MCA)

**02408 Coal Tax Trust Earnings:** Designated for the acquisition and management of state parks. The source is the interest earned from the Coal Tax Trust Account. (15-35-108 (3f) MCA)

**02409 Fish and Game Earmarked Revenue:** For the support of the Fishing Access Site Program of the department. (87-1-601 MCA)

**02411 State Parks Earmarked Revenue:** Supports general operations relative to state parks. Sources are entry fees and camping fees collected at State Parks, cabin site rentals, concessionaire payments and other miscellaneous revenue. (23-1-105 MCA)

**02412 Motorboat Fuel Tax:** Of the gasoline taxes, .9% is earmarked for creation, improvement, and maintenance of parks where motorboats are allowed. (60-3-201 (4) MCA)

**02414 Snowmobile Registration Earmarked Revenue:** Accounts for the \$2 decal fee for snowmobiles. Restriction: \$1 of each fee for enforcement, \$1 for development, maintenance, and operation of snowmobile facilities. All fines and forfeitures under this part are deposited to this account and used for snowmobile education and safety. (23-2-616 MCA)

**02415 Fishing Access Site:** Funds are used for operation, development and maintenance of sites acquired under this law. (87-1-605 (1) (2) MCA)



**FY92**  
**Federal Special Revenue Fund \$689,039**

**FY93**  
**\$688,929**

06541 Grounds Maintenance and Snow Removal: Accounts for the costs of providing grounds maintenance and snow removal in the Capitol complex area.

03098, 03403, 03404, 03406: The major source is the Land and Water Conservation Fund and other federal funds that would support the Conservation Corp if state dollars are received.

**FY92**  
**Proprietary Fund \$360,024**

**FY93**  
**\$360,320**

06008 Snowgroomer Replacement: To record the revenue and expenditures resulting from providing snowgroomer equipment for snowmobile clubs.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Fishing Access				
Sites at No Service Level	89	89	94	99
Sites at Low Service Level	177	177	182	187
State Park System				
Affiliated Lands	8	7	8	9
Natural Parks at Low Service Level	15	15	15	15
Natural Parks At Medium Service Level	0	0	0	0
Cultural Parks at Low Service Level	15	15	15	15
Cultural Parks at Medium Service Level	0	0	0	0
Recreational Park at Low Service Level	30	31	30	29

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Recreational Parks at Medium Service Level	0	0	0	0
Heritage and Recreation Programs				
Snowmobile				
Trail Miles	3,200	3,200	3,200	3,200
Volunteer Instructors	25	25	25	25
Students Certified	200	300	300	400
Trail Maps	4	4	4	4
Signs Purchased	4,200	4,000	4,000	4,000
News Releases	6	6	6	6
Radio PSA's	4	4	4	4
Television PSA's	2	2	2	2
OHV				
Program Plan Completion Date	5/92	5/92	5/92	5/92
Club Contacts	0	0	6	10
Written Agreements	0	0	4	7
SCORP Completion Date	1/93	1/93	1/93	1/93
LWCF Compliance Inspections	75	75	75	75
Capitol Grounds Contract Acreage	22	22	22	22
MCC				
Return on \$1 Investment	0	0	1.25	1.25
% Positive Terminations	0	0	50	60
% Neutral Terminations	0	0	20	15

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
% Negative Terminations	0	0	30	25
Average Months of Enrollment	0	0	2	2.5

## Increase or Decrease from Base

### New/Expanded Programs

**Capitol Grounds Maintenance** - The department recommends increased funding for maintenance of the capitol complex grounds. The record cold spell in 1988 killed or injured trees on the capitol complex. There is \$22,800 each year and 0.50 FTE temporary summer labor to begin to remove and replace the damaged plants. In addition there is an adjustment in snow removal pay from \$4.91 per hour up to grade 8 step 1 at a cost of \$5,500 per year. The raise provides some assurance that snow removal services will be available on call. Rates charged to state agencies for grounds maintenance services increase from \$0.2376 per square foot in FY91 to \$0.2750 per square foot each year of the 1993 biennium.

**Park Futures Committee** - The State Park Futures Committee was appointed by the director of the department with the concurrence of the Governor and legislative leaders to make recommendations concerning the appropriate role, priorities, and funding for state parks. The committee conducted hearings throughout the state to listen to public opinion, and toured many state parks to see first hand their condition, operations, funding, and staffing.

The committee consisted of four legislators, business leaders, and concerned citizens who committed their time to park issues. The results of this effort are summarized in a comprehensive report submitted to the Governor on November 9, 1990.

The committee found the state park system in a deteriorated condition due to long-term inadequate

funding and the addition of many new parks without accompanying resources for proper operations, maintenance and development. The public had many misperceptions about the park system funding, including the perception that state parks get general funds and that fishing and hunting dollars could be used to help resolve the financial dilemma of the parks.

The committee identified three potential level of new addition funding for legislative consideration.

Level 1. Parks Protection, \$1,675,000 and 12.55 FTE - This level of funding would provide the necessary resource to avoid continued park system regression.

Level 2. Park Improvement, \$2,819,000 and 21.12 FTE - Adequate funding to restore the park system in 10 years and to maintain the park system.

Level 3. Accelerated Park Improvements, \$4,465,000 and 30.24 FTE - Adequate funding to restore the park system in 5 years and to maintain the park system.

The department budget includes 8.06 FTE and \$750,000 per year of general fund for increased parks operation. The Governor recognizes these are additional park capital and operating needs and will work with the Park Futures Committee, the Legislature, and the department to identify additional financial resources to upgrade Montana parks.

**Fishing Access Site Operations and Maintenance** - The department has added between six and ten new fishing access sites annually in recent years. The new sites dilute department operation and maintenance funds for all

sites. Currently many sites in regions 1, 2, 3 and 4 are being neglected to one degree or another because of inadequate operating funds. This results in unsafe facilities and complaints from users. To address site maintenance problems, the executive recommends 0.63 FTE and \$50,000 per year for increased fishing access site operations and maintenance.

#### Other Increases/Decreases

**Parks Entrance Fees** - Some of the FY90 and FY91 budget was funded by new revenues from parks entrance fees. The revenues in the state special revenue did not materialize so approximately \$300,000 in FY92 and FY93 was removed from the level appropriated by the 1989 Legislature. As discussed previously, the department will work with the Legislature and the Parks Futures Committee to find sources to increase the operation budget in Parks.

**Snowgroomer Replacement** - The equipment budget was reduced from the 1992 appropriated levels by \$101,000 in FY92 and \$86,000 in FY93. The revised budget reflects lower cash balances available for equipment replacement in the snowgroomer account in the proprietary fund.

**Snowmobile Trail Grooming** - Because of a mild winter in 1990 approximately \$23,000 is available for reappropriation in the coming biennium. The additional state special revenue funds will be used for the grooming of snowmobile trails.

**LCA** - The Department is requesting \$25,000 for each year primarily for spending of federal/private donations to the Parks Division. The 1989 Legislature did not appropriate any LCA in FY90/91.

#### Technical Adjustments

**Transferring Positions** - A fraction of a position (.75 FTE) was transferred from the Parks Division to the Administration Division to help with the clerical functions related to Canyon Ferry, Spring Meadow, etc. The Executive Budget System did not allow for any changes past a certain date so the positions appear in the increases/decreases to the base category.

**Inflation Adjustment** - Due to the increase in the price of fuel, an inflationary adjustment was made in the amount of \$7,000 in FY92 and \$8,400 in FY93. The Executive Budget System did not allow for any changes past a certain date so the adjustment was made in the increase/decrease to the base category.

# Conservation Education

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	24.90	25.65	24.55	.60	24.55	.60
Personal Services	754,308.63	826,780	818,529	18,576	817,561	18,536
Operating Expenses	542,716.26	751,788	600,490	59,286	610,929	61,864
Equipment	32,961.58	19,000	19,000	-60	19,000	0
Grants	0.00	0	57,120	57,120	57,152	0
Transfers	0.00	0	0	30,000	0	30,000
<b>Total Agency Costs</b>	<b>\$1,329,986.47</b>	<b>\$1,597,568</b>	<b>\$1,495,139</b>	<b>\$107,802</b>	<b>\$1,504,642</b>	<b>\$110,400</b>
State Special Revenue Fund	1,168,903.65	1,315,591	1,274,838	69,427	1,277,950	69,931
Federal Special Revenue Fund	161,082.82	281,977	220,301	38,375	226,692	40,469
<b>Total Funding Costs</b>	<b>\$1,329,986.47</b>	<b>\$1,597,568</b>	<b>\$1,495,139</b>	<b>\$107,802</b>	<b>\$1,504,642</b>	<b>\$110,400</b>
			<b>\$1,602,941</b>		<b>\$1,615,042</b>	

## Overview

The Conservation Education Division, through its Helena office and seven regional information officers, is FW&P's primary information and education arm. Areas of responsibility include: (1) distributing public information via news releases, audio-visual materials, brochures and public service announcements; (2) coordinating youth education programs; (3) producing hunting, fishing, and trapping regulations; (4) coordinating the hunter, bowhunter, snowmobile, boat and off-highway vehicle safety and education programs; (5) providing reception services for FW&P's Helena headquarters. The Conservation Education Division also publishes FW&P's nationally recognized magazine, Montana Outdoors; produces award-winning 16 mm color films, produces radio and television public service announcements and video documentaries, and maintains a film lending library.

programs, policies and plans; (2) improve public awareness of wildlife conservation; (3) enhance public appreciation and enjoyment of Montana's State Parks system.

\* To aid in the implementation of an environmental education program in Montana classrooms in order to help youngsters learn how to think, not what to think, about value-sensitive issues involving wildlife and the environment.

\* To produce accurate hunting, fishing and trapping regulations in a timely manner.

\* To increase the awareness of snowmobilers, boaters and off-highway vehicle users' that safe operation of their vehicles and crafts will reduce accidents and save lives.

\* To increase the number of safe public shooting ranges in Montana.

## Goals

- \* To distribute a variety of accurate and pertinent information in a timely manner to the appropriate media in order to: (1) keep the public informed about FW&P

## Authorization

87-2-105 MCA Safety Instruction Required - Hunter & Bowhunter Education No hunting license may be issued to any resident or nonresident between the ages of 12 through 17 unless they successfully completed a state's Hunter Education program and can provide a certificate of completion to a license agent. The same aged individuals wishing to bowhunt during the special archery season must also provide a Bowhunter Education certificate in addition to the Hunter Education certificate.

23-2-530 MCA Boating Education Program Requires the Department to administer a statewide boat safety education program.

23-2-807 (2) MCA OHV Safety Education Program Provides funding for the development and administration of an off-highway vehicle safety education program.

60-3-201 (5) MCA Snowmobile Safety Education Program Authorizes 10 percent of the fuel tax revenues credited from use by snowmobiles to be used for safety and education of snowmobilers.

23-2-644 MCA Provides funds for safety education from fines and forfeitures related to snowmobiling.

## Base Program

Administration - Administrative objectives are designed to ensure an effective and efficient operation of the division by providing support to all other FW&P divisions. The administrative functions of the division include: budgeting, planning, developing policies and guidelines for division operations, establishing priorities for bureaus within the division, providing training opportunities for division staff and developing statewide public information planning direction.

Youth Education - The Youth Education Bureau coordinates FW&P's statewide youth education effort by providing training sessions for school administrators, teachers and youth group leaders, such as 4-H, Campfire Boys and Girls.

Objectives include: (1) increasing the use of wildlife and natural resource conservation curriculum supplements like Project WILD and Project Learning Tree; (2) providing current resource materials to supplement youth education curriculum guides; (3) developing incentives to encourage greater use of wildlife and natural resource conservation materials; and (4) increasing the appreciation of youngsters for the environment and for balanced and wise use of Montana's natural resources.

Recreation/Safety Education - The Recreation/Safety Education program encompasses hunter and bowhunter education and snowmobile, boating and off-highway vehicle safety programs.

FW&P's hunter and bowhunter education responsibilities include: developing statewide program goals and objectives, recruiting and training volunteer instructors, evaluating and making adjustments to course curriculums, maintaining records of students completing courses, and fulfilling federal reporting requirements.

Specific objectives include: providing all required and interested individuals a reasonable opportunity to participate in an accredited course, offering a standard course to all students, providing quality supplemental teaching materials to volunteer instructors and retaining quality instructors in the programs.

Snowmobile, boating and off-highway vehicle program responsibilities include: establishing working relationships with clubs, organizations and individuals and informing them about rules, regulations, laws, and the ethical and safe operation of motorized equipment. The primary objective of the program is to increase the enjoyment and reduce the number of accidents by increasing the public's awareness of rules and regulations governing their sport and safe and ethical operation.

Regulations Production - Coordination of the production of all hunting, fishing and trapping regulations includes the responsibility for accuracy, timely production and distribution of those regulations. Our objective is to produce regulations that are 100 percent accurate and available prior to season opening dates.

**Audio-Visual Productions** - The Audio-Visual Bureau produces: 16 mm films, video documentaries, and public service announcements. The bureau also provides stock tape footage to television stations and maintains a film and slide library.

Objectives of the bureau include: production of materials through the visual medium that help keep the public informed of FW&P programs, policies, plans, regulations and issues. Because the visual medium lends itself so well to the resources that FW&P is responsible for, there is a need to identify areas where we can expand the bureau's informational and educational capabilities.

**Montana Outdoors** - Production of six magazines a year is the primary responsibility of the unit. Montana Outdoor's editorial mission and objective is to produce a magazine that helps keep people informed about FW&P programs, policies and plans; educate readers about wildlife conservation in Montana; and enhance public appreciation and enjoyment of the State Park System.

In addition to magazine production, the editor is responsible for maintaining a national subscription fulfillment service that promotes and markets the magazine.

Objectives include maintaining Montana Outdoor's subscription rate at or above 35,000. Promotional efforts to increase subscriptions have paid for themselves in the past.

**Shooting Range Development** - The 1989 Legislature authorized \$150,000 for the development of public shooting ranges. Administrative responsibilities include: developing guidelines and policies, assisting with design and assuring legislative and fiscal compliance. The objective of the program is to increase the number of safe public shooting ranges in priority areas throughout Montana.

**Public Information** - As a part of the division's efforts to distribute accurate and pertinent information in a timely manner, breaking news is released to the Associated Press as it occurs and news release packages are distributed to media outlets each week. FW&P's public information efforts include the production of topical brochures, the

coordination and creation of displays for various meetings, and the production of television and radio public service announcement scripts.

Objectives of the Public Information unit are to keep Montanans up to date on FW&P's wildlife conservation issues, programs, policies and activities. By providing timely, pertinent information the public will be better informed and thus better able to offer meaningful opinions and ideas.

The Information Desk staff provides information and direction to persons calling and visiting FW&P's Helena headquarters. The staff screens calls, assists or directs visitors to appropriate people, and responds to numerous information requests. The Information Desk also has license agent responsibilities.

Objectives of the Information Desk are to: respond courteously and promptly to both phone and written inquiries and to maintain a license agent remittance record that is 100 percent accurate.

## Base Funding

The program is funded similar to the 1991 Biennium.

The primary state source is from the license account. Other state sources are for services provided to the Parks program.

Federal funding sources include the Hunter Education matched 25% state, 75% federal; and Boating Safety program matched 50% state, 50% federal.

	FY92	FY93
State Special Revenue Funds	\$1,274,838	\$1,277,950

**Q2115 Off-Highway Vehicle:** The department receives the \$5 decal fee which owners of off-highway vehicles are required to pay. The decal fee and the interest earned thereon is distributed 40% for the enforcement of the off-highway vehicle registration act, and 60% for the development and implementation of an off-highway vehicle recreation



program. The department also receives any fines collected for violations of this act. Fifty percent of these fines and the interest earned thereon is used for enforcement of the act, and the other 50% is used to promote vehicle safety and education. In addition, the department received the \$5 off-highway vehicle dealer renewal of registration fee, and the \$5 registration fee. These fees and the interest earned thereon is used to promote vehicle safety and education. (HB 165, Sections 23-2-804, 807 and 61-3-510, MCA)

**02407 Snowmobile Fuel Tax:** Of the state gasoline tax, .5% is earmarked for this accounting entity. Of this amount, 90% is for the development and maintenance of snowmobile facilities and the other 10% is used to promote snowmobile safety. (60-3-201 (5) MCA)

**02408 Coal Tax Trust Earnings:** Designated for the acquisition and management of state parks. The source is the interest earned from the Coal Tax Trust Account. (15-35-108 (3f) MCA)

**02409 Fish and Game Earmarked Revenue:** For the support of the various programs carried on by the Department of Fish, Wildlife and Parks which benefit sportsmen. The primary source is from the sale of fishing and hunting licenses. (87-1-601 MCA)

**Federal Special Revenue Funds** **FY92** **FY93**  
**\$220,301** **\$226,692**

**03097 PR Grants:** These funds support the hunter safety program. Funding is from U.S. Fish and Wildlife Service grants. PR funds are provided by a manufacturer's Federal Excise Tax on sporting arms and ammunition. (87-1-708, MCA)

**03403 Federal Revenue:** These are Coast Guard funds used for the boating safety program.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<b>Youth Education</b>				
Teacher Workshops Sponsored	20	25	25	30
Certified Instructors	2,900	3,500	4,000	4,500
School Programs Given	200	150	100	50
<b>Recreation/Safety Education</b>				
<b>Hunter Safety</b>				
Hunter Education Volunteer Instructors	675	675	675	675
Students Certified	6,000	6,000	6,000	6,000

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<b>Bowhunter Education</b>				
Bowhunter Education Volunteer Instructors	330	350	375	400
Students Certified <sup>2</sup>	1,400	800	800	800
<b>Snowmobile Education</b>				
Volunteer Instructors	25	25	25	25
Students Certified	200	300	300	400
Trail Maps Produced Per Year	4	4	4	4
Signs Purchased	4,200	4,000	4,000	4,000
News Releases	6	6	6	6
Radio PSA's	4	4	4	4
Television PSA's	2	2	2	2
<b>Boating Education<sup>3</sup></b>				
Manuals Distributed	200	200	200	200
Regulations/Brochures Published	50,000	50,000	50,000	50,000
News Releases	6	6	6	6
Point of Purchase Posters Distributed			1,000	1,000
Radio PSA's	3	3	3	3
Newspaper Advertisements				60
<b>Regulations Production</b>				
Big Game	310,000	310,000	330,000	330,000
Fishing	300,000	250,000	350,000	300,000

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Turkey	13,000	13,000	13,000	13,000
Upland Bird	80,000	80,000	85,000	85,000
Waterfowl	60,000	60,000	60,000	60,000
Trapping	12,000	12,000	15,000	15,000
Black Bear	25,000	25,000	30,000	30,000
Legals	200,000	150,000	250,000	200,000
<b>Public Information</b>				
Banquet Speeches	200	200	200	200
Montana Outdoors Newspaper Columns	52	52	52	52
News Releases	400	400	500	500
Video Releases	12	12	12	12
Montana Outdoors Issues	6	6	6	6
Subscribers	35,000	35,000	35,000	35,000
Readership	100,000	100,000	100,000	100,000
Radio PSA's Released	36	36	36	36
Television PSA's Produced	6	6	6	6
Films Checked Out	1,800	1,800	1,800	1,800
Film Viewers	80,000	80,000	80,000	80,000
Television and Radio Interviews	300	300	300	300
Films Produced <sup>1</sup>				
<b>Information Desk (Helena)</b>				
Visitors Greeted	5,500	5,800	6,000	6,300

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Phone Calls Handled	30,000	30,800	31,500	32,000
Responses (mail)	3,500	3,800	4,100	4,400
Shooting Range Development <sup>5</sup>	2	3	4	4

<sup>1</sup> Because we have changed our emphasis in the boating safety and education program from education to more of a public awareness effort, many of the things that we will be undertaking will be pilot projects; i.e., point of purchase posters. We'll evaluate and either expand or eliminate efforts.

<sup>2</sup> In the Bowhunter Education program, we anticipate a reduction in students because in the first few years of a relatively new program, we'll be certifying archers between the ages of 12 and 18. In later years, we should be certifying mostly 12 year olds as older students will already have taken the course.

<sup>3</sup> We anticipate a reduction in school programs we give as more and more teachers become certified and take on the responsibility of in-classroom programs.

<sup>4</sup> We have traditionally produced a film every other year and would anticipate continuing on that schedule.

<sup>5</sup> The shooting range program is a new one for us. At this time, we don't have a good feel for the dollars that a typical project will require. Depending on the dollars per project, we could have more or less shooting ranges developed than indicated.

## Increase or Decrease from Base

### Report Back Projects

Nongame Wildlife - The department recommends continuation of the nongame wildlife program expansion at a cost of \$30,000 per year. The 1989 Legislature approved use of state special revenue to promote the nongame tax check-off to inform the public of nongame and its benefits and to develop comprehensive nongame regional inventories. In the 1991 biennium appropriations bill, the legislature required that the nongame wildlife program expansion be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the program.

### New/Expanded Programs

Update Hunter Education - The department recommends a \$25,000 per year increase in hunter education. Hunter education classes are provided annually to 6,000 Montana youth. The increase would finance updating hunter education manuals and developing or purchasing materials to be utilized by instructors to help standardize Montana's hunter safety curriculum. This increase will be funded by state special revenue.

Watchable Wildlife and Youth Education - The executive recommends \$22,900 state and federal special revenue in FY92 and \$25,000 in FY93 for watchable wildlife and youth education programs. The funds would provide interpretive signs at Canyon Ferry concerning the bald eagle concentration in the fall of the year. The signs will

promote better viewing conditions and less conflict among viewers at the viewing sites.

The increase also will support the department's Youth Education program. The funds will be used to: 1) introduce college-level education and resource majors to terrestrial and aquatic Project WILD; 2) directly expose every third grade student in Montana to terrestrial and aquatic wildlife and fishery information; and 3) train and maintain a core of volunteer angling instructors.

#### **Other**

**Nongame Wildlife Funding** - The 52nd Legislature directed the department to develop alternatives to replace the use of hunting and fishing license fees to fund the Nongame Program. In response, the department, in cooperation with the Northern Region of the U.S. Forest Service, surveyed other nongame programs and compiled a list of potential nongame funding strategies. The alternatives, which will be presented to the legislature include the following three types of funding sources:

1. Tax revenue. Many states have tapped into their tax structure by designating a percentage of an existing tax -- cigarette tax, motor vehicle tax, tourism tax, etc. - - to fund nongame wildlife programs.
2. Mitigation funds. Some states which have sought compensation from activities that adversely impact wildlife have applied a percentage of the mitigation settlement toward nongame programs.
3. User fees. Some states have expanded user fees beyond operations and maintenance needs and are funding nongame programs with fees collected from people who enjoy fishing and wildlife-related recreation.

Since the adoption of a new funding strategy likely will require legislative action the executive budget recommends continued use of license dollars to support the nongame program until alternative income sources are created. Because surveys show that hunters and anglers participate in other wildlife related recreational opportunities -- photographing and viewing wildlife, camping, hiking, etc. -

- the department believes a continuation of the use of hunting and fishing license fees to fund nongame programs would create neither controversy nor conflict among state hunters and anglers.

#### **Other Increases/Decreases**

**LCA** - The department is requesting \$30,000 each fiscal year primarily for spending of Federal/Private donations for the Conservation Education Division. The 1989 Legislature did not appropriate any LCA in FY 90/91.

#### **Technical Adjustments**

**Inflation Adjustment** - Due to the increase in the price of fuel, an inflationary adjustment was made in the amount of \$1,818 per year. The Executive Budget System did not allow for changes past a certain date so this adjustment was made to the increases/decreases to the base category.

# Administration

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993		Recommended	Recommended
			Base	Incr/Decr	Base	Incr/Decr		
	34.48	36.23	37.48	3.75	37.48	3.75	41.23	41.23
Personal Services	1,156,337.50	1,229,327	1,299,010	128,229	1,427,239	128,121	1,297,874	1,425,995
Operating Expenses	529,936.71	787,661	616,279	383,985	1,000,264	389,034	610,128	999,162
Equipment	34,993.12	14,800	14,800	28,385	43,185	8,671	14,800	23,471
Capital Outlay	5,239.97	0	10,000	0	10,000	0	10,000	10,000
Grants	119,010.69	135,000	90,000	179,000	269,000	179,000	90,000	269,000
Transfers	0.00	65,000	90,000	10,000	100,000	10,000	90,000	100,000
<b>Total Agency Costs</b>	<b>\$1,845,517.99</b>	<b>\$2,231,788</b>	<b>\$2,120,089</b>	<b>\$729,599</b>	<b>\$2,849,688</b>	<b>\$714,826</b>	<b>\$2,112,802</b>	<b>\$2,827,628</b>
State Special Revenue Fund	1,515,109.59	1,759,664	1,411,695	702,112	2,113,807	640,049	1,453,199	2,093,248
Federal Special Revenue Fund	330,408.40	472,124	708,394	27,487	735,881	74,777	659,603	734,380
<b>Total Funding Costs</b>	<b>\$1,845,517.99</b>	<b>\$2,231,788</b>	<b>\$2,120,089</b>	<b>\$729,599</b>	<b>\$2,849,688</b>	<b>\$714,826</b>	<b>\$2,112,802</b>	<b>\$2,827,628</b>

## Overview

The Administration Division is responsible for the following department activities: Overall department direction regarding policy, planning, program development, guidelines and budgets; liaison with the Governor's office and the legislature; direct interaction with the Fish and Game Commission; decision making authority for key resource activities affecting the department; administration of 7 major divisions that provide program development and staff support; supervision of 8 regional offices that are responsible for program implementation; legal counsel for the department; liaison with other state and federal agencies; and, liaison with Montana's Indian tribes.

## Goals

The overall goal of the Administration Division is to provide direction for policy and program development and implementation consistent with the department's statutory responsibilities for fish, wildlife and outdoor recreation. Individual goals include:

Maintain effective liaison with the Governor's office, the Montana Legislature and the Montana Fish and Game Commission.

Develop cost effective programs utilizing staff from the 7 divisions.

Implement programs and policies in a consistent fashion in the 8 regions.

Provide appropriate legal expertise and counsel.

Provide clear channels of internal communication.

Provide liaison with Montana Indian tribes, state and federal agencies, and appropriate private entities.

## Authorization

Authorization for the Administration Division is provided under:

Specifically Section 2-15-3401, 87-1-201, and 87-1-401, MCA; and generally implementation of Title 87 and Title 23, Chapter 5 and Title 23, Chapters 1, 3, 4, 5, 6 and 8.

## Base Program

The Administration Division is divided into the following functions:

**Policy and Program Development** - The directors' office provides the principal leadership for policy and program development. Policies are initiated by the director, developed by division staff and approved by the director. Programs within the department's Fish, Wildlife, Parks and Multiprogram areas are developed through division staff with input from regional personnel. Department programs and the budgets required to support them are approved by the directors' office.

**Policy and Program Implementation** - Implementation of Fish, Wildlife, Parks and Multiprograms is accomplished by the 8 administrative regions located throughout Montana. Workplans, budgets and policies are delegated from the directors' office and administered by regional supervisors. Department field personnel are supervised by Regional Supervisors and regional staff.

**Legal Counsel** - The legal unit counsels the directors' office and reviews department activities to assure that they are based on adequate legal authority, help to fulfill the department's legal mandates and are implemented in a manner that insulates them from legal challenge. The legal

unit generally advises the department, as appropriate, on the legal aspects of all the department's policies and programs.

**Tribal Liaison** - Interaction between the department and Indian tribes relative to fish, wildlife and recreational issues is coordinated through the directors' office. Cooperative agreements, enforcement, historical and legal reviews are all responsibilities within this function.

**Resource Assessment** - The resource assessment program provides liaison with state, federal and private entities on complex natural resource issues. MOU's, cooperative agreements, department representation on major committees and resource policy development are all significant aspects of this function.

## Base Funding

The program is funded similar to the 1991 Biennium. There are 2 funding sources - license revenues and indirect costs recoveries from federal programs.

**State Special Funds** FY92 FY93  
1,441,695 1,453,199

02409 Fish and Game Earmarked Revenue: For the support of the various programs carried on by the Department of Fish, Wildlife and Parks which benefit sportsmen. The primary source is from the sale of fishing and hunting licenses. (87-1-601 MCA)

**Federal Funds** FY92 FY93  
708,394 659,603

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Interagency Coordination Meetings	35	35	35	35
Public Meetings/Open House Attended	100	100	100	100



	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Annual Work Plans Reviewed Implemented & Reported	550	550	550	550
Employee Performance Appraisals Completed & Reviewed in the Regions	275	275	275	275
Public Contracts by Regional Clerical Staff	220, 00	220, 000	220, 000	220, 000
License Sales in Regional Offices	46, 100	46, 100	46, 100	46, 100
Legal Briefs Prepared	45	45	45	45
Contracts Review for Legal Content	400	400	400	400
Legal Review of Water Related Issues	12	12	12	12
Contracts with Indian Tribal Councils	10	10	10	10
Requisitions within General Level Purchasing Authority Reviewed & Approved by Regional Supervisors	850	850	850	850
Fish & Game Commission Meetings	10	10	10	10
Complex EA/EIS's Reviewed	15	15	15	15
Participation in Ad Hoc Standing Committee	10	10	10	10

## Increase or Decrease from Base

### Report Back Projects

Legal Services - The department recommends continuation of a \$12,300 per year increase appropriated by the 1989 Legislature for legal services. The 1989 Legislature approved state special revenue for increasing legal and court costs. In the 1991 biennium appropriations bill, the legislature required that the \$12,300 per year increase be

re-presented to the legislature for its reconsideration and re-appropriation. The executive budget continues the legal services increase.

Predator Control - The department recommends continuation of a \$20,000 per year expansion of the predator control program grant. The predator control program is administered by the Department of Livestock. In the 1991 biennium appropriations bill, the legislature required that the \$20,000 per year grant increase for the predator

control program be re-presented to the legislature for its reconsideration and re-appropriation. The total recommended predator control grant is \$110,000 per year.

Sikes Act - The department recommends continuation of \$75,000 per year of state special revenue appropriated by the 1989 legislature to match \$75,000 per year of federal funds. The department receives federal challenge grants from the federal Bureau of Land Management and the U.S. Forest Service for fish and wildlife enhancement projects. The state funds will be used to match the federal grants. In the 1991 biennium appropriations bill, the legislature required that the \$75,000 per year in federal matching grants be re-presented to the legislature for its reconsideration and re-appropriation.

Salinity Control - The department recommends continuation of \$75,000 per year of federal and state special revenue appropriated by the 1989 legislature for salinity control. In the 1991 biennium appropriations bill, the legislature required that the program for salinity control be re-presented to the legislature for its re-consideration and re-appropriation. The executive budget continues the salinity control program.

#### **New/Expanded Programs**

Legal Services - The department recommends the addition of an attorney position, at a cost of \$50,000 per year, making a total of four attorneys. Legal demands and requirements in such areas as water reservations, water leasing, the state water plan, tribal issues, land and easement acquisition, revision of the fish and wildlife statutes, development of personnel policies, and the superfund litigation have increased and expanded, thereby creating the need for the fourth department attorney.

Tribal Relations - The department recommends \$40,000 per year to provide legal, historical, resource, and tribal government information and assistance to the tribal coordination efforts of the department.

Regional Support - The department recommends a \$75,000 state special revenue increase for regional office support. The \$75,000 will be used for:

1. landscaping care and maintenance on grounds at regional headquarters;
2. clearing of snow and ice from sidewalks;
3. maintenance of facilities, painting, repairs, etc.;
4. security protection of regional facilities;
5. addition of temporary staff at peak licensing times; and
6. group tours at regional headquarters.

Geographic Information System - The department recommends \$40,000 in FY92 and \$50,000 in FY93 of state special revenue to:

1. develop an automated resource inventory for department land;
2. acquire the computer technology to analyze and interpret the inventory to facilitate planning, development, and management of department lands;
3. complete a pilot project(s), within the context of other current projects, to evaluate GIS application to wildlife research and management problems; and
4. establish a GIS planning team to evaluate options for expanded GIS capability, especially for the purposes of developing species management plans, river corridor plans, state recreation area plans and automated interfacing with the planning process of other agencies.

Interagency Support - The budget includes and increase in the grant to the State Library from \$25,000 to \$50,000 for work on a statewide geographic information system.

Dams - The department budget recommends \$34,000 per year be transferred to the Department of State Lands for administration of department dams. The department owns 19 dams throughout the state and some are high hazard dams.

#### Other Increases/Decreases

LCA - The Department is requesting an increase in LCA of \$35,000 in FY92 and FY93. The increase is above the amount appropriated by the 1989 Legislature. The request is federal/private funded, and is mainly attributable to the anticipated increase in federal contracts and grants.

#### Technical Adjustments

Transferring Positions - As previously discussed in the Management Services, Field Services and Parks narratives, a total of 2.75 FTE and related operating budgets were transferred into this program. The Executive Budget System did not allow for any transfers of positions past a certain date so the adjustments were made in the increase/decrease to the base category.

Inflation Adjustment - Due to the increase in the price of fuel, an inflationary adjustment was made in the amount of \$1,900 per year. The Executive Budget System did not allow for any changes past a certain date so the adjustment was made in the increase/decrease to the base category.

Contracted Services and Equipment - There was approximately \$52,000 added to the contracted services and equipment budgets as compared to the FY91 appropriated levels. However, there were decreases in other programs to offset this increase. The Executive Budget System did not allow for these adjustments to be made past a certain date so they appear in the increase/decrease to the base category.

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DEPARTMENT OF STATE LANDS  
BUDGET NARRATIVE  
1992 - 1993 BIENNIUM

COMMISSIONER DENNIS D. CASEY

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# DEPARTMENT OF STATE LANDS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	328.92	336.69	339.69	8.40	348.09	339.69	13.18	352.87
Personal Services	7,821,431.61	9,121,217	9,481,376	186,405	9,667,781	9,477,399	300,471	9,777,870
Operating Expenses	7,397,660.03	7,490,520	4,430,507	1,268,011	5,698,518	4,441,827	-11,283	4,430,544
Equipment	853,019.13	614,270	590,709	796,665	1,387,374	590,709	186,206	776,915
Capital Outlay	5,420,152.61	5,045,000	351,000	8,256,925	8,607,925	351,000	-40,000	311,000
Local Assistance	0.00	0	95,000	0	95,000	95,000	0	95,000
Grants	265,000.00	265,000	451,089	0	451,089	451,089	0	451,089
Transfers	0.00	0	132,000	0	132,000	132,000	0	132,000
Debt Service	0.00	0	214,094	6,419,591	6,633,685	214,094	6,491,381	6,705,475
<b>Total Agency Costs</b>	<b>\$21,757,263.38</b>	<b>\$22,536,007</b>	<b>\$15,745,775</b>	<b>\$16,927,597</b>	<b>\$32,673,372</b>	<b>\$15,753,118</b>	<b>\$6,926,775</b>	<b>\$22,679,893</b>
General Fund	8,620,555.45	8,237,585	8,685,685	-3,103,874	5,581,811	8,693,195	-3,562,630	5,130,565
State Special Revenue Fund	3,890,890.52	4,747,542	6,044,961	6,466,425	12,511,386	6,044,562	3,946,729	9,991,291
Federal Special Revenue Fund	9,066,656.86	9,366,341	799,020	6,927,178	7,726,198	799,086	-164,578	634,508
Debt Service Fund	0.00	0	0	6,633,600	6,633,600	0	6,705,390	6,705,390
Proprietary Fund	179,160.55	184,539	216,109	4,268	220,377	216,275	1,864	218,139
<b>Total Funding Costs</b>	<b>\$21,757,263.38</b>	<b>\$22,536,007</b>	<b>\$15,745,775</b>	<b>\$16,927,597</b>	<b>\$32,673,372</b>	<b>\$15,753,118</b>	<b>\$6,926,775</b>	<b>\$22,679,893</b>
Central Management	1,841,093.49	1,872,956	1,982,881	646,161	2,629,042	1,983,879	178,016	2,161,895
Reclamation	9,787,638.98	10,212,739	0	0	0	0	0	0
Land Administration	856,247.88	1,004,639	1,020,291	221,612	1,241,903	1,020,233	255,497	1,275,730
Conservation & Resource Dev.	0.00	0	1,643,496	3,736,985	5,380,481	1,644,815	3,808,928	5,453,743
Water Projects	0.00	0	1,135,311	12,223,551	13,358,862	1,137,018	2,590,205	3,727,223
Forestry	9,272,283.03	9,445,673	9,963,796	99,288	10,063,084	9,967,173	94,129	10,061,302
<b>Total Program Costs</b>	<b>\$21,757,263.38</b>	<b>\$22,536,007</b>	<b>\$15,745,775</b>	<b>\$16,927,597</b>	<b>\$32,673,372</b>	<b>\$15,753,118</b>	<b>\$6,926,775</b>	<b>\$22,679,893</b>

## MISSION AND GENERAL DESCRIPTION

### A. General Description

The Department of State Lands is provided for in Section 2-15-3201, MCA. The head of the department is the Board of Land Commissioners which consists of the Governor, Attorney General, Secretary of State, State Auditor and Superintendent of Public Instruction. The Chief Administrative Officer of the department is the Commissioner of State Lands. The Commissioner is responsible, under the direction of the Board of Land Commissioners, for the administration of the functions vested by law in the department or delegated to him the board. The department is divided into five divisions: Lands, Forestry, Conservation and Resource Development, Field Operations, and Central Management.

### B. Mission

#### 1. Basic Functions

The Department of State Lands has five basic functions: management of the lands held by the State of Montana in trust for the support of the common schools and other institutions; fire prevention and suppression on certain private, state, and federal lands; regulation of and assistance to private forest land owners; administration of soil and water conservation districts and projects; and management of state-owned water conservation projects.

#### 2. Legal Bases

Article X, Sections 4 and 11 of the Montana Constitution define the purpose of the department with respect to its land management functions. The law defining the department land management responsibilities is codified in Title 77 of the Montana Code Annotated. The department water project responsibilities are contained in Title 85. The department duties regarding fire prevention and suppression and private forest regulation and assistance are found in Title 76, Chapter 13.

## DEPARTMENT OF STATE LANDS

### 3. Land Management

When Montana entered the Union, the Federal Government granted land to the state to be held in trust for the various institutions, such as the common schools, units of the University System, School for the Deaf & Blind, Pine Hills School, Veteran's Home, Agricultural Experiment Station, and state penitentiary. The state now holds approximately 5.2 million acres of surface and 6.2 million acres of mineral land for these purposes. The vast majority is held for the common schools. The board and department are charged with the duty of managing these lands to provide income, which is applied to the budgets of the beneficiary institutions. In managing this land, the department must obtain the highest long-term monetary return. The department obtains income through surface and mineral leasing, timber harvesting, and granting of other interests, such as easements, and licenses. These functions are accomplished by the Lands Division, Forestry Division, and Field Operations Division.

### 4. Conservation and Resource Development

In implementing its conservation and resource development functions the department implements a wide variety of programs responsible for: assisting Conservation Districts and state grazing districts in development and management of land, water and other resources, providing natural resource conservation programs and activities and administering loan and grant programs for natural resource development and reclamation.

### 5. Water Projects

In implementing its water project responsibilities the department must provide for the rehabilitation of state owned dams to ensure they meet current dam safety standards, manage the completion, operation and maintenance of the Broadwater power project, and to ensure the state water projects are properly managed and producing appropriate returns.

## 6. Fire

In implementing its fire responsibilities, the department provides direct wildfire prevention, detection, suppression and suppression services on 4.6 million acres of state, federal, and private forested lands. The department also assists 49 counties in the protection of 46.2 million acres of rural lands and wildlands through county cooperative programs. Through the county programs, the department acquires and reconditions federal excess vehicles and equipment and provides it to counties for fire suppression purposes. The department also provides planning, organization, and training assistance for fire suppression. Finally, the department assumes suppression responsibilities on fires that are too large for county capabilities. The functions are accomplished through the Forestry and Field Operations Divisions.

## 7. Private Forestry

In its private forestry assistance and regulation program, the department requires elimination of slash that could constitute a fire hazard on private lands subject to logging operations; produces genetically superior tree seedlings for reforestation plantings on private lands; provides forest pest management services for private forest lands; provides technical forestry assistance to non-industrial private forest landowners; assists the forest products industry with improved harvesting, sawmill improvement, forest product utilization and marketing projects; and manages the forestry work program at the Swan River Forest Camp. These functions are accomplished by the Forestry and Field Operations Division.

## AGENCY ORGANIZATION

The Department of State Lands conducts its programs and assigned missions through the following organizational structure (see organizational chart). The Department of State Lands is organized into five divisions; Conservation and Resource Development, Central Management, Land Administration, Forestry, and Field Operations. The department has divided the state into

six administrative regions and has located personnel and equipment at various land offices to serve the public and implement the department programs.

The State Board of Land Commissioners, comprised of the Governor, Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State, exercise the general authority, direction, and control over the care, management and disposition of state lands coming under its administration.

The Commissioner is the chief administrative officer in the department and is responsible to the board for the administration and management of all programs and functions vested in the department. The Legal and Environmental Services staffs provide the necessary legal and environmental direction and support to the departments programs.

The Conservation and Resource Development Division consists of two bureaus; the Conservation Districts Bureau and the Resource Development Bureau. The Conservation Districts Bureau is required by statute to supervise, coordinate, and assist Montana's 59 Soil and Water Conservation Districts, plus 30 state grazing districts. The Resource Development Bureau administers the water development loan and grant programs, renewable resources development, reclamation and development grants, and provides technical assistance on water reservations.

The Central Management Division provides support in air operations, data processing, fiscal management, personnel administration, and operational support. The Division's programs are administered through five bureaus; the Fiscal Bureau, the Air Operations Bureau, the Data Processing and Trust Records Bureau, the Personnel and Secretarial Bureau, and the Operational Services Bureau.

The Lands Administration Division manages classified grazing and agricultural trust lands, administers the leasing of natural resources on the surface and mineral estates, and implements the department responsibilities in managing state-owned water projects, rehabilitating state-owned dams and manages the Broadwater power

project. The Division's programs are administered through three bureaus: the Surface Management Bureau, the Mineral Management Bureau, and the Water Projects Engineering Bureau. The Division provides program direction, guidance, budget allocations and support to the Field Operations Division in the conduct of Lands Administration Programs.

The Forestry Division manages classified forest lands and their natural resources, protects the state's natural resources from wildfire, insect pests and disease, provides assistance to sustain or improve the natural resources of private forest lands, provides tree seedlings for conservation purposes and provides training in forestry, carpentry, and mechanics to Swan River Forest Camp residents. The Division's programs are administered through four bureaus: the Forest Management Bureau, the Fire Management Bureau, the Nursery and Grounds Bureau, and the Service Forestry Bureau. The Division provides program direction, guidance, budget allocations and support to the Field Operations Division in the conduct of Forestry Programs.

The Field Operations Division, through its 26 field offices, serves the public as the local department representatives and implements the field level programs and activities required by the department. It is comprised of personnel and equipment assigned by the other Divisions it's offices are located in the following communities: Helena, Missoula, Kalispell, Olney, Libby, Plains, Swan lake, Greenough, Anaconda, Hamilton, Conrad, Bozeman, Dillon, Lewistown, Glasgow, Billings, Miles City, Lima, Marion, Condon, Lincoln, and Garrison. Annual operating budgets are allocated to the Field Operations Division from each Division requiring Field Operations support.

#### Trust Interest Financing Trust Land Management

The executive budget replaces general fund with trust interest for all department functions related to the management of trust lands. In the executive budget, \$3,735,494 in FY92 and \$3,769,231 in FY93 of trust interest replaces general fund. Table 1 details the general fund replaced by program.

The executive budget recommends financing trust land management activities with trust income because it is customary for governmental and private trusts to finance management of these trusts with a portion of the earnings generated. Ten other western states, which have similar federally-provided school land trusts, use trust revenues to finance trust management activities.

Table 1  
General Fund Replaced by Trust Income

Program	FY 92	FY93
Central Management	\$267,463	\$269,156
Land Administration	982,739	1,016,377
Forest Fire Program	369,955	369,648
Forest Management	1,832,900	1,832,032
Other Forest Services	282,437	282,018
Total	\$3,735,494	\$3,769,231

STATE BOARD OF LAND COMMISSIONERS  
GOVERNOR, AUDITOR, ATTORNEY GENERAL,  
SUPERINTENDENT OF PUBLIC INSTRUCTION, SECRETARY OF STATE

DEPARTMENT OF STATE LANDS  
COMMISSIONER

ADMINISTRATIVE SECRETARY

LEGAL SERVICES

ENVIRONMENTAL SERVICES

CONSERVATION AND RESOURCE  
DEVELOPMENT DIVISION  
ADMINISTRATOR

CONSERVATION DISTRICTS BUREAU  
BUREAU CHIEF

RESOURCE DEVELOPMENT BUREAU  
BUREAU CHIEF

CENTRAL MANAGEMENT DIVISION  
ADMINISTRATOR

FISCAL BUREAU  
BUREAU CHIEF

AIR OPERATIONS BUREAU  
BUREAU CHIEF

DATA PROCESSING AND  
TRUST RECORDS

PERSONNEL AND SECRETARIAL  
BUREAU CHIEF

OPERATIONAL SERVICES BUREAU  
BUREAU CHIEF

LANDS ADMINISTRATION DIVISION  
ADMINISTRATOR

SURFACE MANAGEMENT BUREAU  
BUREAU CHIEF

MINERALS MANAGEMENT BUREAU  
BUREAU CHIEF

WATER PROJECTS AND ENGINEERING  
BUREAU CHIEF

FORESTRY DIVISION  
ADMINISTRATOR

FOREST MANAGEMENT BUREAU  
BUREAU CHIEF

FORE MANAGEMENT BUREAU  
BUREAU CHIEF

NURSERIES AND GROUNDS BUREAU  
BUREAU CHIEF

SERVICE FORESTRY BUREAU  
BUREAU CHIEF

FIELD OPERATIONS DIVISION  
ADMINISTRATOR

SOUTHWESTERN LAND OFFICE  
MISSOURI AREA MANAGER

NORTHWESTERN LAND OFFICE  
KANSAS AREA MANAGER

CENTRAL LAND OFFICE  
ILLINOIS AREA MANAGER

NORTHEASTERN LAND OFFICE  
INDIANA AREA MANAGER

EASTERN LAND OFFICE  
MISSOURI CITY AREA MANAGER

SOUTHERN LAND OFFICE  
BIRMINGHAM AREA MANAGER

APPROVED BY: \_\_\_\_\_  
APPROVAL DATE: \_\_\_\_\_  
DRAFTING DATE: 12/3/1980

## CENTRAL MANAGEMENT DIVISION

Full Time Equivalent Employees	Fiscal 1990	Fiscal 1991	Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Base	Incr/Decr
	33.00	33.00	33.22	1.00	33.22	1.00
Personal Services	946,897.14	992,923	1,024,501	29,149	1,024,042	29,077
Operating Expenses	594,341.78	594,033	672,380	470,288	673,837	148,939
Equipment	34,854.57	21,000	167,724	146,724	21,000	0
Grants	265,000.00	265,000	265,000	0	265,000	0
<b>Total Agency Costs</b>	<b>\$1,841,093.49</b>	<b>\$1,872,956</b>	<b>\$1,982,881</b>	<b>\$646,161</b>	<b>\$1,983,879</b>	<b>\$178,016</b>
					36.22	
General Fund	1,382,585.55	1,391,027	1,513,726	180,581	1,517,268	-275,346
State Special Revenue Fund	135,673.01	171,500	156,403	541,312	153,813	526,498
Federal Special Revenue Fund	143,674.38	125,890	125,689	-80,000	125,672	-75,000
Proprietary Fund	179,160.55	184,539	187,063	4,268	187,126	1,864
<b>Total Funding Costs</b>	<b>\$1,841,093.49</b>	<b>\$1,872,956</b>	<b>\$1,982,881</b>	<b>\$646,161</b>	<b>\$1,983,879</b>	<b>\$178,016</b>
					36.22	
					1,053,650	1,053,119
					1,142,668	822,776
					265,000	21,000
					<b>\$2,629,042</b>	<b>\$2,161,895</b>
					1,694,307	1,241,922
					697,715	680,311
					45,689	50,672
					191,331	188,990
					<b>\$2,629,042</b>	<b>\$2,161,895</b>

## Overview

The Central Management Program provides support services to all programs within the Department of State Lands in air operations, data processing, fiscal management, personnel administration, legal services, mineral royalty auditing and operational support.

## Goals

- o The goal of the program is to provide the quality of services that will best support program accomplishment throughout the Department of State Lands.

## Authorization

Title 77, MCA.

## Base Program

The Central Management Program staff provide administrative and operational support services for the department. The staff are responsible for trust revenue collection, distribution, fiscal, data processing,

personnel and aviation services to all programs in the department. Legal, reception, and mail services are included in this program. Ownership records for trust and non-trust state-owned land are maintained by this program.

The State Land Commissioner is the chief executive officer of the department. The Commissioner makes policy and performs administrative functions to maximize earnings from and protect 5.2 million acres of school trust land; and effectively carry out the requirements of fire suppression laws and other forestry related assistance programs. Current level base funding maintains these programs at a minimal level.

The Fiscal Bureau maintains accounting systems that assure proper and timely collection and distribution of revenue earned from trust lands. The bureau processes all expense and employee travel claims within 5 days and prepares payrolls within the time frames established by the State Auditor. The bureau assures that department accounting practices are consistent with state statute and Department of Administration regulations, and are consistent and in compliance with GAAP. The bureau



coordinates department budget allocations to all operating responsibility centers.

Air Operations provides safe and economical aviation services to department programs on as needed availability basis and performs maintenance inspections within a frequency that assures maximum and safety and reliability for three fixed wing and four rotary wing aircraft. Current level base funding provides the minimum necessary for current operations based on the average usage in the last 5 years. However, aviation assets can't be adequately protected because of present hangar facilities.

Data Processing and Trust Records Bureau provide coordination and support for mainframe and microprocessor operations in the department and maintain deeds and patents that document the State's ownership in 5.1 million acres of trust surface land and approximately 6 million acres of minerals. With increased usage of microcomputers and mainframe applications, the bureau is pushed beyond it's resources to provide adequate training and assistance to users for optimum usage of the equipment and systems. The base funding for this program is not adequate to meet department information processing demands.

Personnel Bureau provides equal opportunity to all department employees and any applicants seeking employment with the department. This program administers personnel functions involving classification, recruitment and selection, discipline, grievance procedures, EEO Affirmative Action and payroll personnel records.

The bureau also supervises the typing, reception pool and the mail function in Helena; provides and manages the facilities rented for the Central office in Helena. The typing and reception workload has significantly increased because of mining and leasing activity in the state. Phone traffic averages approximately 300 calls per day with highs of nearly 600 calls. The base funding for these services are not adequate to accomplish the tremendous amount of work required of this bureau.

## DEPARTMENT OF STATE LANDS

The Operational Services Bureau manages field purchasing programs and maintains records as established by statute and regulations administered by the Department of Administration. The bureau prepares and monitors budget allocations to the 6 area land offices and the Division of Forestry, provides fire business management support and assistance to include maintaining and updating a Fire Business Manual. Conducts training sessions. In addition the bureau provides clerical, mail and typing support for Missoula-based department staff personnel and maintains a department inventory of 3500 PAMS and 1200 federal excess property items statewide.

The Royalty Audit program is operated under a Memorandum of Understanding (MOU) between the Department of Revenue and Department of State Lands. Under this MOU, the two auditor's conduct audits of oil, gas and coal leases on trust lands to determine whether the trust has been properly compensated. The audit staff also provides evidentiary support and technical expertise in legal actions to recover past due royalties.

The Legal Staff provides legal advise, drafting, and representation to the Board of Land Commissioners and the department. Legal advice is in the form of formal written opinions and informal advice to agency personnel. Drafting duties include correspondence, contracts, leases, rules, and legislation. Representation includes lawsuits by and against the department, permit enforcement actions, and representations before the Legislature. The current workload is at a level where base funding isn't adequate to expedite department legal matters in a timely manner. The increased workload will be absorbed by fewer consultations, unprosecuted violations, settlement of lawsuits and enforcement actions, a continued increase of compensatory time for the legal staff. Unfiled or unsettled lawsuits will in certain instances, result in loss of revenue or increased expense to the State General Fund.

## Base Funding

Funding for the Central Management Division is made up of General Fund, state and federal special revenue and proprietary fund revenue. Control Variable 1002,



Administration is 90% General Fund, less than 1% State Special Revenue, and the remainder is Federal Special Revenue Fund made up of Federal Indirect Cost monies. Control Variable 1010, Air Operations, is 48% General Fund and 52% Proprietary funding. Control Variable 1012, Trust Land Management System, is 100% State Special Revenue.

### Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93
<u>Air Operations</u>				
Hours flown	1,200	1,400	1,400	1,400
Maintenance inspections.	22	24		
<u>Fiscal</u>				
Trust revenue collected and distributed.	\$49,500,000	\$49,500,000	\$49,500,000	\$49,500,000
Claims processed.	9,500	9,500	9,500	9,500
Payrolls prepared.	26			
Budget allocations performed.	204	225		
<u>Data Processing</u>				
Main frame programs maintained.	160	180		
Micro training sessions.	25			
Mainframe training sessions.				
Develop new business functions.	0	1	2	
<u>Personnel</u>				
Number of hires.	112	115		
Reclassification and appeal reviews.	40			
Grievances	6			
Terminations	15			

DEPARTMENT OF STATE LANDS

8

CENTRAL MANAGEMENT

Operational Services  
 Requisitions processed.  
 Labor and material contracts  
 awarded.  
 Fire business management  
 training sessions conducted.  
 PAMS forms processed.

Legal  
 Informal consultations.  
 Formal opinions written.  
 Enforcement actions.  
 Lawsuits  
Royalty Audit  
 Under paid royalties  
 collected.

135

20

2

1,300 1,300 1,300 1,330

3,000 3,000 3,000 3,000

150

15

120

600,000 600,000 600,000 600,000

### Increase or Decrease from Base

Revised lease for office space

The Helena office for the Department of State Lands is requesting an increase of 14,000 square feet rental space, with the support of the Governor's Office and the Department of Administration. The space is located on the first floor of the same building the central office for State Lands currently occupies. The Department of Administration concurs that our current space is "being used very efficiently and is overcrowded, that current positions cannot be filled due to the lack of space and that the new additional square footage is supportive of the administration's efforts to facilitate the co-location of government offices and offers extremely competitive rental rates for property in the capitol area."

FY 92	FY 93
\$66,393 GF	\$66,393 GF
\$16,599 SSRF	\$16,599 SSRF
<u>\$82,992</u>	<u>\$82,992</u>

### Royalty Auditor Travel Expense

Auditing is the main function of the State Lands Royalty Revenue Agent. All of the audits require travel to the taxpayer's main offices where accounting records are located. These offices are generally located in the larger cities throughout the U.S. Based upon an analysis of travel expenditures in the prior fiscal years we have computed the funding for travel associated with this position to be \$10,469 for each year of the biennium. The analysis consisted of determining the number of trips made per fiscal year, the location of such trips, and an analysis of our most recent travel costs associated with these locations.

Funding below this level will decrease the number of audits that can be completed in the next biennium. Based upon data for the last 2 years, for every dollar in travel we can expect a \$20 return in revenue.

FY 92	FY 93
\$10,469 SSRF	\$10,469 SSRF

Helena Office Support Staff

The ratio of clerical staff to professional staff in the Helena office is approximately 16-1. It is generally accepted that the ratio should not be any higher than 8-

10 to 1. Currently, it is difficult to schedule vacations for the reception area staff because of the heavy workload. Due to the workload, we can't allow anyone in this area to be gone any longer than a week without contracting for temporary help. In addition to typing for the 50 professionals in this building, the staff is also responsible for incoming and outgoing mail, numerous visitors for mining and leasing purposes and all the telephone traffic which often exceeds 300 calls a day. Heavy workloads in stressful situations creates morale problems, low productivity, and high employee turnover. An additional clerical position is requested.

The present data processing staff of two professionals cannot adequately support the number of microcomputers and mainframe applications currently being used in the department. This staff has not increased in size since the department started automating in 1983. Currently there are over 125 microprocessors in various locations throughout the State and two mainframe applications, one large and one medium sized, that require time to support. Additional DP staff of 1 FTE is necessary due to the following reasons.

1. As more users within the department access mainframe applications additional support is needed for maintenance, training and to provide enhancements to existing systems.
2. More jobs within the department are dependent upon the use of microcomputers. More microcomputers require more time from the DP staff for training and assistance.
3. The last Legislature appropriated funding to complete four more functions of the Trust Land Management System. However, because of current demands on the DP staff, the project has not been started.

FY 92 (2.0 FTE)	FY 93 (2.0 FTE)
49,972 SSRF	49,867 SSRF

#### Trust Land Management System

The Trust Land Management System was reduced \$58,776 per year from the base budget. The reduction reflects decreases in systems development and computer processing charges.

#### DEPARTMENT OF STATE LANDS

FY 92	FY 93
(\$58,776) SSRF	(\$58,776) SSRF

#### Central Management - DNRC Transfer

The proposed executive reorganization transfers the Reclamation Division to the Department of Natural Resources and Environment (DNRE) and the Conservation and Resource Development Division and Water Projects/-Engineering Bureau from DNRE to State Lands. To accomplish the proposed reorganization the following adjustments to the division budget are recommended.

1. Funding shift: The federal indirect funds and general fund from the Reclamation Division which support this division be replaced by state special revenues. The following table details the proposed funding switches.

	FY 92	FY 93
General Fund	\$(116,032)	\$(116,032)
Federal Indirect	(71,174)	(71,217)
Rangeland Improvement Loans	9,095	9,095
Grazing District Fees	500	
Water Development	116,032	116,032
Renewable Resources	14,886	14,886
Reclamation and Development	41,393	41,436
Conservation District Grants	5,300	5,300

Net Change

\$	0	\$	0
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2. The Reclamation Division will be transferred to the new DNRE and the space they now occupy in the State Lands leased building is paid out of the Federal Special Revenue Account; therefore, those federal dollars will have to be replaced to support the two new entities that will occupy the same space. The funds will be expended from the State Special Revenue Accounts that support the new State Lands programs. Additional funds from the State Special Revenue funds will be required as the square footage rate for the State Lands space is \$7.40 a square foot compared to the state rate of \$3.20 per square foot.

FY 92	FY 93
\$45,000 SSRF	\$45,000 SSRF

3. The proposed reorganization will require additional funds to transfer the Conservation and Resource Development Division plus the Water Projects/Engineering Bureau to State Lands. The following costs will be incurred:

- Rent for the two new entities will be required when CARD and the Engineering Bureau occupy the non-state-owned building which houses the Department of State Lands. The new square footage cost of \$7.40 will be needed as opposed to the State rate of \$3.20 per square foot. \$33,000 per year.

- Electronic Information for data required by CARD will have to be made available to the Department of State Lands. \$21,950 for FY 92 and \$5,400 for FY 93.

- \$88,724 has been identified for numerous items that concern the move, i.e., replacement of the equipment owned by the Reclamation Division, which has been used by the other divisions and must be replaced; the replacement of the local area network that will be transferred to DNRE; replace the auto cad system and provide for the rewiring that will be needed on the first level of the DSL building.

- The Conservation and Resource Development Division will require funds to: contract for the arbitrage calculation; provide furniture for the new space. (existing furniture is modular and cannot be moved); provide for the changeover of the PC network; and provide funds for printing, legal services, rule adoptions, and filing fees - cost \$100,000 FY 92 and \$35,000 FY 93.

- The existing accounting technical position in CARD of DSL will be upgraded to an Accountant position at an additional cost of \$8,000 per year. The position will be involved in very complex accounting procedures such as: paying and setting up bonds, calculating reserves and required debt service, dealing with coal severance funds and RIT funds, monitoring cash flows, and preparing financial statements for the Board of Investments. The position will also be involved in

selling securities, and handling the administrative duties of the bonding program. Cost \$8,000 per year.

FY 92	FY 93
\$194,724 GF	\$41,000 GF
<u>56,950 SSRF</u>	<u>40,400 SSRF</u>
\$251,674	\$81,400

4. Transfer of clerical position 1.00 to DNRE. One clerical position will be transferred with the Reclamation Division.

FY 92	FY 93
(\$18,840) Fed	(\$18,798) Fed

Public Recreational Access to State Lands  
The Board of Land Commissioners instructed the Department of State Lands to develop a program for public recreational access to state lands. Major new programs require environmental analysis under the Montana Environmental Policy Act (MEPA). An environmental analysis (EA) was prepared that found that there is insufficient information available to analyze the impacts of recreation properly so that an environmental impact statement (EIS) is necessary. Staff and budget constraints preclude the preparation of an EIS, so \$300,000 is requested with which to hire a consultant to do the work.

FY 92	FY 93
\$300,000 GF	0

A biennial appropriation is requested.

Insurance Reduction  
The executive budget reduced insurance for aircraft and other insurance by \$33,000 per year. The aircraft insurance reduction reflects a premium reduction.

FY 92	FY 93
(\$33,000) GF	(\$33,000) GF

Conservation and Renewable Development Division Waste  
Water Consulting

The division processes the bond sales and bond payments for the DNR wastewater program. The executive budget includes \$10,000 in FY 92 and \$15,000 in FY 93 for the administrative costs of selling and repaying bonds.

FY 92	FY 93
\$10,000	\$15,000
Fed	Fed

## LAND ADMINISTRATION DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Fiscal 1992 Base	----- Fiscal 1992 Incr/Decr	----- Recommended	----- Fiscal 1993 Base	----- Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	28.12	28.62	28.62	6.25	34.87	28.62	9.75	38.37
Personal Services	624,972.94	777,560	791,545	142,896	934,441	790,417	225,577	1,015,994
Operating Expenses	152,030.06	162,979	164,646	38,308	202,954	165,716	67,620	233,336
Equipment	77,913.06	19,100	19,100	80,408	99,508	19,100	2,300	21,400
Capital Outlay	1,331.82	45,000	45,000	-40,000	5,000	45,000	-40,000	5,000
Total Agency Costs	\$856,247.86	\$1,004,639	\$1,020,291	\$221,612	\$1,241,903	\$1,020,233	\$255,497	\$1,275,730
General Fund	621,847.55	709,155	721,805	-721,805	0	721,458	-721,458	0
State Special Revenue Fund	234,400.33	295,484	298,486	943,417	1,241,903	298,775	976,955	1,275,730
Total Funding Costs	\$856,247.86	\$1,004,639	\$1,020,291	\$221,612	\$1,241,903	\$1,020,233	\$255,497	\$1,275,730

### Overview

The Land Administration Program is responsible for the leasing of the surface and mineral resources for the benefit of the Common Schools and other Endowed Institutions in the State of Montana. This program includes the appraisal and reclassification of all state lands to obtain the greatest revenue for the trust funds commensurate with the preservation of the resource. This program is divided into three main categories; Surface Management functions, Minerals Management functions, and Resource Development functions. (NOTE: The former Resource Development Bureau has been reorganized into the overall Land Administration program to provide greater program efficiency and flexibility. Under FY 92-93, Resource Development will become a control variable under the Land Administration Program.)

The Land Administration Program has been returning average annual revenues of 20 million dollars to the school trusts over the past five years. Those revenues have been obtained through expenditure of an average annual budget of less than 1 million dollars. Therefore, the ratio of dollars returned to dollars expended is 20

to 1. A greater return could be expected by expending more dollars in the Land Administration program.

### Goals

#### Surface Management

- o Provide income to the school trust through the orderly leasing, renewal, recording, and assignment of grazing, agricultural and special leases.
- o Provide periodic review and inspection of existing grazing, agriculture, and special leases to ensure compliance with the lease agreement, statutes, and rules and regulations governing those leases.
- o Manage state grazing, agriculture, and special lease lands to improve their current productivity and protect the land for sustained long-term use and revenue generation.
- o Maintain an up-to-date department policy regarding state lease participation in the Federal Farm Program to ensure Montana receives a fair share of the program benefits and complies with Federal regulations.

- o Record all agreements and resource information within the Trust Land Management System for the orderly retrieval and use of resource information in making management decisions for the benefit of the state school trusts.

#### Minerals Management

- o Use available technology to manage State mineral resources in an economically efficient and environmentally sound manner as possible.
- o Conduct the orderly leasing, permitting, evaluating and recording of approximately 3,500 oil and gas, metalliferous and non-metalliferous, coal, and sand and gravel agreements for the benefit of the school trust.
- o Review and inspect pre-development plans and operations to assure the protection and the wise use of natural resources on school trust lands.
- o Provide periodic review and inspection of existing mineral leases to ensure compliance with the lease agreement, statute, and rules and regulations.
- o Evaluate potential Federal and Private mineral exchanges for the benefit of the school trust.

- o Continue evaluation of the title question of state ownership on the river beds, islands, and abandoned river channels of the navigable rivers throughout the state.

- o Record all agreements and resource information in the Trust Land Management System for the orderly retrieval and use of resource information in making management decisions for the benefit of the trusts.

#### Resource Development

- o Develop new projects in the areas of stockwater development, irrigation, commercial development and resource protection which will enhance the value of the

school trust lands for the benefit of the school trusts.

- o Conduct the orderly review and evaluation on existing projects to ensure proper maintenance and protection.
- o Inspect and record cultural resource sites on state trust lands to insure the protection and quantification for future reference and preservation.
- o Continue the water adjudication process on state school trust lands.
- o Evaluate potential Federal and private land exchange proposals for the benefit to the school trust.
- o Review and authorize temporary land uses on State lands for uses other than the primary classified use to provide income to the school trust, and provide multiple use of the school trust lands.
- o Review and evaluate permanent easement applications for rights of way across state trust lands.
- o Review and evaluate requests for sales of state trust lands for the benefits to the trusts and the people of the State.

#### **AUTHORIZATION**

25 STAT. 679

The Enabling Act of 1889 granted the State certain lands for the support of common schools and other trusts.

Art. I Montana Constitution

Accepts all provisions of the enabling act of Congress.

Art. IX, Sec. 1 Montana Constitution

Calls for a clean and healthful environment for present and future generations.

Art. X, Sec. 10 Montana Constitution

Provides for the classification of state lands acquiring full market value for sale of state lands and the exchange of state lands for other lands.



75-1-103 MCA.

Montana Environmental Policy Act. Promotes efforts to prevent or eliminate damage to the environment and to attain the widest range of beneficial uses of the environment without degradation or other undesirable or unintended consequences.

77-1-202 MCA.

Powers and Duties of the Board. Trust lands are held in trust for the support of education and the lands shall be held in trust to secure the largest measure of legitimate and reasonable advantage to the state.

77-1-203 MCA.

Multiple Use Management. Provides that the various resources of state lands be managed in a combination that best meets the need of the people and the beneficiaries of the trust.

77-1-204 MCA.

Power to sell, lease, or exchange certain state lands. Authorizes the sale and exchange of state lands and leasing of state lands for uses other than agricultural, grazing, timber harvest, or mineral production.

77-1-301 MCA.

Powers and Duties of the department. Provides that the department has charge of the selecting, exchange, classification, appraisal, leasing management, sale, or other disposition of state lands and the department shall collect and receive all monies payable to the state from various sources resulting from school trust land uses.

77-1-604 MCA.

Resource Development account. Provides for a special revenue fund for the purpose of investing in the improvement and development of state school lands.

77-2-101 MCA.

Easements for public uses. Provides for the granting of easements on state lands.

77-2-201, 202 & 203 MCA

Exchanges of land. Provide for the exchanging of state lands with the United States or tribal governments, counties and private lands.

77-2-301 MCA.

Sale of state land under Board control. Provides for the sale of certain state lands.

77-3-102 MCA.

Mining leases authorized. Authorizes the leasing of state lands for the purpose of prospecting for or mining of metalliferous minerals or gems.

77-3-201 MCA.

Nonmetallic mineral leases authorized. Authorizes the issuance of permits or leases for removal and disposition of nonmetallic minerals on state lands.

77-3-301 MCA.

Coal leases authorized. Authorizes the leasing of state owned coal.

77-3-401 MCA.

Oil and gas leases authorized. Authorizes the leasing state owned oil and gas resources.

77-3-501 MCA.

Lease for underground storage of natural gas authorized. Authorizes the leasing state lands for use for the underground storage of natural gas.

77-6-102 MCA.

Surface leases authorized. Authorizes the leasing of state lands for agriculture, grazing, and commercial development.

77-6-201 MCA.

Appraisal of grazing lands. Outlines the department responsibilities in appraising grazing lands owned by the state.

77-6-205 MCA.

Renewal leases. Outlines the procedures for renewal of grazing, agricultural and commercial leases.

77-6-208 MCA.

Assignment of leases -- subleasing -- loss of preference right. Provides for the assignment of state leases with approval by the department.

77-6-210 MCA.

Cancellation of leases. Authorizes the department to cancel leases certain causes.

77-6-401 MCA.

Pledge or mortgage of leasehold interest in state lands. Authorizes the pledging or mortgaging of the leasehold interest in grazing or agricultural state lands.

77-6-501 MCA.

Agricultural leases. Provides for the basis for rental to be charged on state agricultural leases.

## **BASE PROGRAM**

### Surface Management

The Surface Management program is responsible for the leasing and management of approximately 9500 leases on 4.5 million acres of agricultural, grazing and special lease lands throughout the state.

Leasing activities include: the appraisals and renewal processing on approximately 950 leases expiring annually; the advertising, competitive bidding and issuance of approximately 50 new leases annually; review and processing of assignments, subleases, pasturing agreements, custom farming agreements, pledges and mortgages; and collection, verification and posting of rentals and fees.

Management activities include participation in and compliance with the Federal Farm Program; review of applications for reclassification of lands for new uses; management plans to correct existing problems and enhance future lease production and revenue generation; ensuring MEPA compliance; investigations of lease non-compliance (i.e. illegal subleasing or illegal breaking);

coordinated planning with other resource management agencies; improvement application review and approval.

The overall coordination and management of the Surface Management program is conducted from the state office and the majority of the field work is conducted by the field offices located throughout the state.

Surface Management activities annually return approximately 9 million dollars to the school trusts.

### Specific Program objectives:

Maintain accurate seeding and production reports, verify and post rentals on all agricultural leases.

Generate annual billings and post annual rentals on all grazing and special leases.

Complete surface renewal evaluations on all leases expiring the following year by November 1 of the current year.

Process renewal applications including competitive bids, preference right employment, and competitive bid hearings.

Begin surface evaluations on leases expiring in the next two years to allow greater flexibility in management.

Evaluate and process applications and reclassification for new uses.

Evaluate and process requests to convert from agricultural crop share rental to cash rental.

Review, and adjust accordingly, special lease rentals at five year lease anniversary.

Process and issue new leases on vacant tracts as soon as cancellation, reclassification or title clearance is completed.

Field check production on agricultural leases to verify yields.

Identify and initiate corrective action to lease use violations such as illegal breaking and illegal subleasing.

Identify and initiate corrective action to lease management problems such as weeds, pests etc. Investigate, evaluate and process applications for assignment, subleases, pasturing agreements, custom farming agreements, reclassification, pledges and mortgages.

Investigate, evaluate and process applications for lessee funded improvements.

Administer the Federal Farm Program as it pertains to state leases.

Develop and maintain up-to-date policies and procedures regarding the administration and management of trust surface resources.

#### Minerals Management

The Minerals Management program is responsible for the leasing, permitting and management of approximately 3,500 oil and gas, metalliferous and non-metalliferous, coal, and sand and gravel agreements on 6.2 million acres of school trust lands and approximately 100,000+ acres of other state owned land throughout the state. This Recent increases in technical and accounting staff are responsible for the increasing numbers of tasks accomplished and projections of future performance.

Leasing and permitting activities include: the review and processing of all mineral lease and permit applications; review of annual reports and operating plans; ensuring MEPA compliance; collection, verification and posting of rentals and production royalties; royalty audits; review and approval of assignments; review of royalty and rental rates contracts and other terms.

Management of leases and permits includes: drainage protection; ensuring that diligence and performance standards are met; production audits; field inspections; statistics and trend analysis; verifying well plugging

and reclamation; witnessing well tests and production runs; technical review of units and communication agreements; protection of soils, surface and groundwater; computer data entry; rule, permit and lease re-writes; evaluation of Board of Oil and Gas docket; and disaster contingency planning.

These reviews are conducted by both staff personnel in the state office and field personnel in the six area offices located throughout the state.

Minerals Management activities annually return approximately 10+ million dollars to the school trusts. This 10 million is based on the past five years over which oil and gas royalties and rentals have been in a downward trend. The market appears to be stabilizing now, and a slight increase can be anticipated over the next few years. Therefore, trust revenues can be expected to increase accordingly.

#### Specific Program Objectives:

Evaluate and lease or permit new lands for metalliferous, non-metalliferous, coal, sand and gravel exploration and development.

Verify and post rentals and production royalties on all leased or permitted land.

Conduct royalty and production audits on producing mineral leases and permits.

Evaluate and process requests on existing leases to assign, shut in wells, pool and unitize, extend leases, plug wells, drill wells, change operating plans, release bonds, suspend operations and other typical requests on mineral leases.

Inspect producing mineral leases to ensure compliance with lease terms, to maintain an inventory of wells, improvements and equipment, to ensure adequate plugging and restoration of wells and to conduct production audits.

Determine the state's ownership in streambeds, islands, abandoned channels and dammed water bodies in and near navigable rivers.

Investigate and require diligent performance, prevention of waste and protection against drainage of hydrocarbons from offsetting wells.

Conduct planning, statistical and trend analysis, work scheduling, performance evaluations, mailings and advertisements, legislative research, and special projects to improve efficiency and accuracy in developing state minerals.

Propose and evaluate surface driven and mineral driven land exchanges.

Develop and maintain rules, forms, policies and procedures regarding administration and management of state mineral resources.

Analyze dockets brought before the Board of Oil and Gas to ensure protection of the state's correlative rights.

#### Resource Development

The responsibilities of the Resource Development program have been broadened from previous Fiscal years. The Resource Development Program is currently funded as a separate program under ICC but will be changed to a control variable under the Land Administration Program in the future. This reorganization will allow for a more efficient Land Administration program and greater flexibility in resource development.

Resource Development activities include reviewing applications for state cost-shared improvements; evaluating right-of-way applications; evaluating land exchange proposals; evaluating land use license applications; evaluating requests for sales of trust lands; coordinating the water adjudication process for trust lands; insuring compliance with the Antiquities Act; and providing noxious weed control on vacant tracts.

The Resource Development program annually returns approximately 1 million dollars to the school trusts. In

addition to the monetary return, Resource Development provides technical and professional support to both the Surface and Minerals Management programs. Additionally, resource development projects are implemented to insure and enhance future revenues to the trusts.

#### Specific Program Objectives.

Evaluate and process applications for new resource development projects.

Periodically review and conduct inspections on existing and completed resource development projects.

Investigate, evaluate and process applications for right-of-ways.

Investigate, evaluate and process applications for Land Use Licenses (uses other than the classified use).

Investigate, evaluate and process applications for navigable riverbed uses.

Investigate, evaluate and process requests for sale of trust lands.

Evaluate land exchange proposals for merit and proceed with exchange proposals as appropriate.

Conduct appropriate review and inspections on water related management problems.

Conduct the filing for water rights and maintain department files regarding trust water rights.

Conduct necessary archaeological assessments/reviews prior to any new development activities on state lands.

Identify noxious weed control needs on vacant tracts and evaluate expenditure of needed funds.

## Base Funding

The Surface Management and Minerals Management functions of the Land Administration Program are currently funded primarily by general funds. The Resource Development functions are funded by the state special revenue resource development fund, which is derived from up to 2.5% of the interest and income fund and other land grant earnings, with the percentage being determined by the Board of Land Commissioners pursuant to 77-1-601 et seq, MCA.

The department is proposing to replace all of the current general funding of the Land Administration programs with a percentage of the annual expendable income and interest derived from the school trust lands. This new account will be known as the Trust Land Administration Account.

## PERFORMANCE INDICATORS

**Surface Management**  
 Lease rentals posted  
 Annual lease renewals  
 Supplemental lease inspect  
 Management actions

Improvement requests  
 Noncompliance actions  
 Spec lease rent reviews  
 Agric cash lease reviews  
 Assignments processed  
 Subleases processed

**Minerals Management**  
 Rentals/Royalties posted  
 Leases/permits issued  
 Reports/plans reviewed  
 Leases/permits canceled  
 Royalties verified  
 Assignments/DA's approved  
 Units and CA's approved  
 Audits completed  
 Shut in wells evaluated  
 Leases inspected

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
	12,000	12,000	12,000	12,000
	950	950	950	950
	150	180	180	180
	80	120	120	120
	100	100	100	100
	20	25	25	25
	10	15	20	20
	35	50	50	50
	250	250	250	250
	250	250	250	250
	10,074	10,000	10,000	10,000
	507	635	755	755
	146	150	150	150
	780	750	700	700
	200	200	200	200
	480	530	530	530
	5	15	15	15
	40	55	70	80
	35	45	45	45
	88	170	230	230

DEPARTMENT OF STATE LANDS

River investigations	4	15	15	15
Performance demands	7	60	120	120
Wells plugged	0	2	10	10
BOG docketts analyzed	75	75	75	75
<b>Resource Development</b>				
New RD projects reviewed	1	1	1	1
Existing projects inspected	12	12	13	13
Water rights appropriations	30	50	50	50
Water right adjudication	10,000	12,000	12,000	12,000
Weed control actions	4	5	5	5
Land Use Licenses issued	80	100	100	100
Rights of way issued	100	120	120	120
Exchanges reviewed	3	5	5	5
Land sales reviewed	3	5	5	5
Cultural resource reviews	250	250	250	250

#### Increase or Decrease from Base

#### Performance Indicators

	<u>FY92 Increases/</u>	<u>FY92 Recommend Decreases</u>	<u>FY93 Increases/</u>	<u>FY93 Recommend Decreases</u>
<b>Surface Management</b>				
Supplemental lease inspect	50	230	25	255
Management actions	15	135	25	160
Fed Farm Prog reviews	150	150	150	300
Noncompliance actions	5	30	5	35
Spec lease rent reviews	10	20	15	35
Agric cash lease reviews	10	45	10	55
Subleases processed	10	260	15	275
<b>Minerals Management</b>				
Leases inspected	15	245	20	255
River investigations	2	17	2	19



Resource Development  
 New RD projects reviewed  
 Existing projects inspected  
 Water rights appropriations  
 Weed control actions  
 Land Use Licenses issued  
 Rights of way issued  
 Exchanges reviewed  
 Land sales reviewed  
 Cultural resource reviews

2	3	2	5
1	13	1	14
10	40	1	50
15	10	5	15
15	115	10	125
5	125	5	130
5	10	5	15
5	10	10	20
15	265	10	275

## INCREASE OR DECREASE FROM BASE

### Federal Farm Program

The department has become increasingly involved in the Federal Farm Programs with increased lessee participation in those programs. The department currently administers over 2600 agricultural leases encompassing over 500,000 acres. Approximately 95% of these leases are enrolled in some aspect of the Federal Farm Programs resulting in over 9 million dollars in revenues to the school trusts since 1986. The department currently has over 600 Conservation Reserve Program contracts on approximately 135,000 acres which annually return \$1.3+ million to the school trusts. The annual price Support and Production Adjustment programs have the potential to return \$1 to \$5 million annually to the school trusts. Greater revenues would be anticipated with additional review and coordination. To obtain these revenues requires a great deal of review and coordination by the Lands Division and the Field Operations Division. The current level of participation in these farm programs has been at the expense of other Lands Division programs. Administration of the farm programs is now estimated to take 30% of the present land use specialists time and an even greater percent of the Surface Management Bureau Chief's time. No additional funding or FTE's have been provided to date to administer the state's participation in these programs. Changes in the Federal Farm Programs occur regularly which effect DSL participation and require a coordinated department response.

Additionally, compliance with the provisions of these programs is becoming a greater responsibility for the department. Noncompliance with Conservation Plans of Operation or contract terms may result in losses of substantial funds to the school trust and/or fines against the state. Each instance of noncompliance requires investigation, analysis, and enforcement of contractual stipulations. Ensuring compliance requires a close coordination between the department, the lessee(s), the Soil Conservation Service, and the Agricultural Stabilization and Conservation Service.

Three FTEs are requested to upgrade the department role in Federal Farm Program Administration and Compliance. The department will phase these positions in by bringing on two FTEs during FY 92 and the third FTE will be added during FY 93.

One requested FTE is for a staff level Agricultural Land Use Specialist to coordinate department Federal Farm Program policy statewide and to coordinate closely with the Agricultural Stabilization and Conservation Service and the Soil Conservation Service.

The second and third FTEs are for Agricultural Land Use Specialists in the Conrad Unit Office and the Glasgow Unit Office. Both of these offices are responsible for a large acreage of agricultural lands which are enrolled in the federal farm programs. The necessary review and coordination to properly implement the farm programs in these offices has greatly increased the already excessive Lands programs' workload in these offices.



The funding for this Federal Farm Program increase above the base will come from the Trust Land Administration Account.

FY 92 (2.0 FTE)  
\$99,015 SSRF

FY 93 (3.0 FTE)  
\$91,215 SSRF

#### Trust Land Management

Public demand for a multitude of uses of and the proper management of state school trust lands has dramatically increased in recent years. The department has responded to this demand by reviewing each request for new uses and steadily increasing the level of management performed on school trust lands. Additional uses of and increased management on trust lands has increased annual revenues and can be expected to produce greater long-term revenues to the trusts. These new uses and management efforts each require environmental reviews and must meet legal requirements before any authorization is issued. These new uses and management efforts have created needs for procedures updating, lease stipulations and follow-up field reviews, illegal land use investigations, and resource planning on grazing, agricultural and special use lands. Cancellations of state leases have increased every year as the department becomes more efficient in the statutory and business requirements. Management of school trust mineral resources has been largely custodial in the past and the trusts have not realized the full value of those mineral resources. Efforts to become more actively involved in the development and proper management of the mineral resources have been slow due to lack of sufficient personnel at both the staff and field level. Additionally, the department has increased its workload in addressing investigations of land exchanges, land sales, land use licenses, R/W easements and other land related issues on trust lands.

The department is no longer able to conduct it's business as it has in the past. Existing personnel are not able to complete the required work for the present demand for services and are presently being forced to delay and not accept requests for uses of state trust lands. This is causing a loss of income to the trust and creating an irate public in many circumstances. In FY 89, income

from agricultural, grazing, special and mineral uses of state lands produced over 20 million dollars. Continued income at this and greater levels will require higher administrative costs. However, the cost benefit ratio still exceeds that of any other state program.

This increase to provide more effective Trust Land Management will be phased in over the biennium. 4.25 FTE will be hired during FY 92 and an additional 2.5 FTE will be added during FY 93. Therefore, the total new FTE under this increase will be 6.75.

One Land Use Specialist FTE is requested at the staff level (Surface Management Bureau) to properly coordinate management activities on a state wide level. Two FTEs are requested for Land Use specialists in the Central Land Office and the Northeastern Land Office. These two field offices currently have the greatest workload of Land Administration programs per Land Use Specialist.

An additional 1.75 FTE is requested for clerical personnel as follows: .75 FTE at the Northeastern Land Office; .50 at the Southern Land Office; and .50 FTE at the Eastern Land Office.

The last two FTEs are for 7.34 seasonal Land Use Technicians to perform the required field evaluations on the majority of annual renewals. This will allow the permanent Land Use Specialists to devote more time to problem renewals and other necessary management tasks.

The funding for this Trust Land Management increase above the base will come from the Trust Land Administration Account.

FY 92 (4.25 FTE)      FY 93 (6.75 FTE)  
\$159,659 SSRF      \$201,978 SSRF

#### Resource Development Projects

The special projects that the Lands Division were contemplating have been reduced from the FY91 base due to the lack of anticipated funds in the Resource Development Account.

(\$43,000) SSRF      (\$43,000) SSRF

## WATER PROJECTS ENGINEERING

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	20.00	-2.00	18.00	20.00	-2.00	18.00
Personal Services	0.00	0	663,717	-65,083	598,634	662,891	-65,146	597,745
Operating Expenses	0.00	0	396,598	977,992	1,374,590	399,131	-22,366	376,765
Equipment	0.00	0	41,296	335,417	376,713	41,296	-583	40,713
Capital Outlay	0.00	0	0	8,296,925	8,296,925	0	0	0
Transfers	0.00	0	32,000	0	32,000	32,000	0	32,000
Debt Service	0.00	0	1,700	2,678,300	2,680,000	1,700	2,678,300	2,680,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,135,311</b>	<b>\$12,223,551</b>	<b>\$13,358,862</b>	<b>\$1,137,018</b>	<b>\$2,590,205</b>	<b>\$3,727,223</b>
General Fund	0.00	0	43,019	0	43,019	44,726	0	44,726
State Special Revenue Fund	0.00	0	1,040,000	2,498,918	3,538,918	1,040,000	-37,503	1,002,497
Federal Special Revenue Fund	0.00	0	52,292	7,044,633	7,096,925	52,292	-32,292	0
Debt Service Fund	0.00	0	0	2,680,000	2,680,000	0	2,680,000	2,680,000
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,135,311</b>	<b>\$12,223,551</b>	<b>\$13,358,862</b>	<b>\$1,137,018</b>	<b>\$2,590,205</b>	<b>\$3,727,223</b>

### Goals

o To ensure that water rights of existing state water projects are properly defended and secured for the life of the project.

o To ensure that state water projects are properly managed and that the state receives a justified return for the use of its resources.

o To dispose of projects no longer useful to the state.

o To minimize the state's liability by inspecting, repairing, maintaining, rehabilitating, and operating state-owned water projects in a safe manner.

o To operate the Broadwater power project in order to balance maximizing power revenues with ensuring facility safety and environmental protection.

o To assist applicants proposing to lease hydropower development rights on state water projects.

### Authorization

Title 85, Chapter 1  
The water resources of the state should be put to optimum beneficial use and not wasted. The state is to promote conservation, development, and beneficial use of its water resources to secure maximum economic prosperity. The state is to promote prosperity and welfare for its citizens through sound management of the state's water resources.

85-15-101 - 85-15-502, MCA  
Dam Safety Act.

85-1-206, MCA  
Water Resources - Construction of Works by  
department.

85-4-219, MCA  
Water Resources, State-Owned Works, department  
Approval, Bids.

85-1, Part 5, MCA  
Authorizes hydropower development at state-owned  
water projects.

House Bill 778  
Language appropriation authorizing certain uses of  
Broadwater power project revenues.

### **Base Program**

The Engineering Bureau is made up of three  
sections: Project Section, Project Rehabilitation  
Section, and Hydropower Section.

The Water Project Section's activities include  
providing water user associations with technical  
assistance to support the operation, maintenance,  
and development of safe, sound, economically  
feasible water projects; ensuring that proper  
construction procedures are carried out;  
maintaining the existing streamgaging and  
reservoir-monitoring program to promote increased  
operating efficiency; updating and enacting project  
flood and drought responses to provide timely  
reaction to these conditions; defending all project  
water right claims and objecting to water right  
permit applications that may adversely affect a  
state water project; streamlining the state's  
efforts in billing and record-keeping of state  
water project finances; and developing overall  
project management plans for projects at which  
water and land use conflicts exist.

The Engineering Bureau is responsible for 34 dams, many of  
which were constructed during the 1930s and 40s. Subsequently,  
many have been found to be deficient with regard to current dam  
design standards. An ongoing rehabilitation program is  
necessary to bring the dams up to current dam safety standards.  
The Project Rehabilitation Section's principal functions are to  
provide for the rehabilitation of state-owned dams, complete  
annual inspections of state-owned dams to identify deficiencies  
and repair requirements, develop and implement a long-term  
rehabilitation program, and acquire operating permits for all  
department high-hazard dams in accordance with the Montana Dam  
Safety Act. Rehabilitation includes evaluating and  
prioritizing deficient projects, conducting feasibility  
studies, completing final rehabilitation designs, preparing and  
finalizing plans and specifications, and completing  
construction of dam rehabilitation projects.

This section also provides technical and administrative  
expertise to several other state agencies with dams.

The Hydropower program's main responsibility is the completion,  
operation, and maintenance of the Broadwater power project.  
Construction work on several contracts remains unfinished,  
which requires continued contract administration. Routine  
operation and maintenance involves daily inspection of all  
machinery and electrical control systems, trash removal, and  
mechanical and building maintenance. In addition, several  
major projects are planned that include writing a comprehensive  
operation and maintenance manual and safety plan, construction  
of a storage building, installation of an overhead crane,  
annual maintenance, and modifications to the trash removal  
system. Finally, compliance with licensing requirements by the  
Federal Energy Regulatory Commission is an ongoing task. Funds  
have been provided from power sale proceeds to make major  
repairs to the power project and to repair and improve the  
irrigation system associated with the project.

Section personnel monitor power rate increases and periodically  
update feasibility studies on other potential state-owned  
hydropower sites. Applications for leasing hydropower  
development rights on these sites require assistance and  
review. Construction of feasible projects requires  
administrative duties.

### Engineering Bureau Unusual Circumstances

During FY 90, four positions were vacant for most of the fiscal year. This resulted in an unusual spending pattern that is not expected to be repeated in subsequent fiscal years.

## PERFORMANCE INDICATORS

Privatize projects  
Complete project repairs  
Complete project rehab preliminary engineer reports  
Negotiate water purchase contracts  
Complete project rehab designs  
Complete project rehab construction

Much of the work for which the Engineering Bureau is responsible is appraised as to performance but is not easily adaptable to meaningful numbers. Work associated with the Broadwater hydropower project is evaluated based on maximizing efficiency. Project rehabilitation and repair work is evaluated with work quality in mind more than quantity. Securing funding for rehabilitation of the Tongue River Dam would be an indicator of successful performance. In short, many of the performance indicators associated with Engineering Bureau work are qualitative or ordinal rather than quantitative.

### **Increase or Decrease from Base**

Rehabilitation Water Projects  
Modified-level request #92044 requests an \$800,000 biennial appropriation for the rehabilitation of state water projects. The current long-range plan

### **Base Funding**

The Engineering Bureau has been funded primarily by Water Development State Special Revenue Funds (02435) in the past, with smaller amounts coming from the general fund. The Broadwater hydropower project receives funding for operations and maintenance from project revenues (02145). This same general arrangement is proposed for each fiscal year of the 1993 biennium.

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
	2	4	4	4
	3	3	3	3
	3	3	3	3
	1	3	2	2
	1	1	1	1
	0	0	0	1

for the 1993 biennium is to use \$300,000 to oversee construction and do field inspections; \$100,000 for a feasibility study on the North Fork Smith River Dam; \$300,000 for a feasibility study on the Tongue River Dam; and \$100,000 for miscellaneous rehabilitation work and studies on other water projects.

FY 92	FY 93
\$800,000	0

### RWP - Middle Creek Dam Match

Modified-level request #92144 seeks biennial appropriation authority for Federal loan and grant funds to rehabilitate Middle Creek Dam.

FY 92	FY 93
\$3,896,925 FSRF	0 FSRF

RWP - Smith River Water Users' Loan  
Modified-level request #902244 seeks biennial appropriation authority for a federal loan to rebuild the North Fork Smith River Dam. The loan will be repaid by the water users.

FY 92	FY 93
\$1,600,000 FSRF	0 FSRF

RWP - Tongue River Dam CST Bonds  
Modified-level request #92444 requests biennial appropriation authority for funds to do study and design work on the dam which has been found to be unsafe. \$1,600,000 would be federal funds and \$200,000 would be state funds raised through a bond sale.

FY 92	FY 93
400,000 SSRF	0 SSRF
<u>\$1,600,000 FSRF</u>	

#### Reorganization

The Engineering Bureau is being relocated from DNRE to DSL. In the process the floodplain management program and a field engineer position remain at DNRE. The effect of reorganization is the reduction of 3.0 FTE; personal services reduction of \$95,206 in FY92 and \$95,198 in FY93; operating expenses reduction of \$29,556 in FY92 and \$29,337 in FY93; equipment reduction of \$583 per year; and debt service reduction of \$1,700 per year.

FY 92	FY 93
( 73,238) SSRF	( 73,270) SSRF
<u>( 52,292) FSRF</u>	<u>( 52,292) FSRF</u>
(-\$125,530)	(-\$125,562)

#### Broadwater Irrigation

The state is obligated to place Broadwater revenue funds in an irrigation account if revenues exceed higher priority obligations. A biennial appropriation is requested.

FY 92	FY 93
\$1,000,000 SSRF	0 SSRF

Broadwater Equipment Replacement  
The terms of the bonds issued for Broadwater Construction stipulate that some project revenues are to be deposited in an equipment replacement reserve account. A biennial appropriation is requested.

FY 92	FY 93
\$336,000 SSRF	0 SSRF

Broadwater Bond Debt Service  
Appropriation authority is needed to use Broadwater hydropower project revenues to pay the principal and interest owing on the bond debt. Bonds were sold to raise funds for the construction of the project.

FY 92	FY 93
\$2,680,000 SSRF	\$2,680,000 SSRF

#### DFWP Dams

The Water Projects Engineering Bureau will assist the DFWP in meeting the requirements of the Montana Dam Safety Act. One FTE will be added plus \$3500 for operating costs.

FY 92 (1.00 FTE)	FY 93 (1.00 FTE)
\$33,623	\$33,552

Full Time Equivalent Employees	Fiscal 1990	Fiscal 1991	Fiscal 1992		Fiscal 1993		Recommended	Recommended
	Actual	Appropriated	Base	Incr/Decr	Base	Incr/Decr		
	.00	.00	20.00	.00	20.00	.00	20.00	20.00
Personal Services	0.00	0	589,779	864	589,204	836	590,040	590,040
Operating Expenses	0.00	0	240,918	-6,268	242,812	-6,462	236,350	236,350
Equipment	0.00	0	13,316	1,098	13,316	1,473	14,789	14,789
Capital Outlay	0.00	0	306,000	0	306,000	0	306,000	306,000
Local Assistance	0.00	0	95,000	0	95,000	0	95,000	95,000
Grants	0.00	0	186,089	0	186,089	0	186,089	186,089
Debt Service	0.00	0	212,394	3,741,291	212,394	3,813,081	4,025,475	4,025,475
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,643,496</b>	<b>\$3,736,985</b>	<b>\$1,644,815</b>	<b>\$3,808,928</b>	<b>\$5,453,743</b>	<b>\$5,453,743</b>
General Fund	0.00	0	75,184	0	75,182	0	75,182	75,182
State Special Revenue Fund	0.00	0	1,522,842	-212,115	1,524,163	-211,962	1,312,201	1,312,201
Federal Special Revenue Fund	0.00	0	45,470	-4,500	45,470	-4,500	40,970	40,970
Debt Service Fund	0.00	0	0	3,953,600	0	4,025,390	4,025,390	4,025,390
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,643,496</b>	<b>\$3,736,985</b>	<b>\$1,644,815</b>	<b>\$3,808,928</b>	<b>\$5,453,743</b>	<b>\$5,453,743</b>

The Conservation and Resource Development Division, which is made up of the Conservation Districts Bureau and the Resource Development Bureau, is responsible for a wide variety of programs.

multi-agency coordinated resource management effort, directs riparian management education programs, administers multi-county rural development efforts, administers forest practices and water quality programs, assists in salinity control efforts, directs natural resource conservation education activities, and administers several conservation district grant programs.

The Resource Development Bureau administers six loan and grant programs utilized by individuals, partnerships, corporations, associations, irrigation districts, conservation districts, water and sewer districts, counties and municipalities. The programs include the water development grant, public and private loans, Renewable Resource Development grants and public loans, and the Reclamation and Development grant program. Collectively, around 50 grant projects are funded each biennium for a total of approximately \$5 million. The bureau

administers public loan programs which provide low interest financing to state and local entities such as water and sewer districts, cities, counties, irrigation districts, and conservation districts for water development projects. The private loan program, administered by the bureau, is designed exclusively to help individuals, partnerships, associations, corporations, and other private parties to finance water-related projects and activities. Total bonding authority of \$255 million is available to finance the public loans and \$10 million in bonding authority is available to finance private loans.

The bureau also provides conservation districts with technical and administrative assistance in developing and promoting projects in the Yellowstone River basin, which use water set aside for agricultural purposes through the water reservation process.

Additional bureau responsibilities include the financial administration of the Wastewater State Revolving Fund, which provides loans to municipalities for improving wastewater facilities and the financial administration of the Environmental Contingency Account. Funds out of this account are directed by the governor to address environmentally damaging emergencies.



## CONSERVATION DISTRICTS

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
	.00	.00	7.20	1.00	7.20	1.00
Personal Services	0.00	0	208,281	46,303	254,584	254,210
Operating Expenses	0.00	0	165,369	-2,204	163,165	164,400
Equipment	0.00	0	12,333	-1,130	11,203	11,203
Local Assistance	0.00	0	95,000	0	95,000	95,000
Grants	0.00	0	186,089	0	186,089	186,089
Debt Service	0.00	0	730	-645	730	85
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$667,802</b>	<b>\$42,324</b>	<b>\$710,126</b>	<b>\$710,987</b>
General Fund	0.00	0	75,184	0	75,184	75,182
State Special Revenue Fund	0.00	0	547,148	46,824	593,972	594,835
Federal Special Revenue Fund	0.00	0	45,470	-4,500	40,970	40,970
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$667,802</b>	<b>\$42,324</b>	<b>\$710,126</b>	<b>\$710,987</b>

### Goals

o To support, assist, and guide conservation districts in implementing their powers and programs by providing daily administrative, technical, financial, and legal assistance.

o To assist in providing for the conservation, protection, restoration, and proper utilization of grass, forage, and range resources of the state by carrying out the mandate of the Grass Conservation Act and the Montana Rangeland Resources Act.

o To sustain Montana's rural communities and improve economic stability by providing needed guidance, financing, and technical assistance to grassroots efforts in forming Resource Conservation and Development organizations.

o To guide and direct soil and water conservation programs in the state by identifying problems and opportunities, proposing needed institutional changes, and coordinating local, state, and federal program efforts.

### Authorization

76-15-101,et.seq

Conservation District Law requires the department to: assist district supervisors in carrying out their powers and programs; to coordinate information exchange and cooperation between districts; to provide advice and consultation; to secure cooperation and assistance of the United States and state agencies; to disseminate information on district activities; to assist and supervise district operations; and to administer funding to conservation districts to carry out their powers and programs.

75-7-101,et.seq

The Natural Streambed and Land Preservation Act of 1975; requires conservation districts to administer a streambed protection permit program. The department is required to provide guidance and assistance to the districts under 76-15-105, MCA. The department also assists the Board of Natural Resources and Conservation with its rule-making authority under this section.

#### 76-14-101, et. seq

The Montana Rangeland Resources Act requires the department to administer a statewide rangeland management program and a rangeland improvement loan program. Section 2-15-304, MCA, requires the department to maintain and staff the office of state coordinator for the rangeland resource act.

#### 76-16-101, et. seq

The Grass Conservation Act requires the department to: assist in carrying out this act; to advise grazing districts; to supervise and coordinate the formation and operation of grazing districts; and to assist in the preparation of uniform plans for land use within district boundaries.

#### 85-2-316

Reservation of Waters provides that the department shall maintain records of all uses of water to conservation districts and provide technical and administrative assistance in preparation of reservation applications.

#### 90-2-140

Energy Conservation in Agriculture authorizes the department to provide oil overcharge fund grants to conservation districts for promotion of energy conservation in agriculture.

#### Base Program

The Conservation Districts Bureau is comprised of 7.2 FTE and is organized into three field offices and a central Helena office. The bureau provides administrative, technical, and legal guidance and

direction to the state's 59 conservation districts. It serves as coordinator and liaison between conservation districts and federal, state, and local governments. The bureau is also responsible for statewide coordination of rangeland management and for administration of the state's 30 grazing districts.

In pursuit of its responsibilities, the bureau conducts a number of administrative, educational, technical, and financial assistance programs and activities described as follows.

**Conservation District Operations Assistance.** The bureau provides administrative and legal assistance to conservation districts on their daily operations. The districts' broad statutory mandate for natural resource management requires their involvement in regulatory programs, water rights administration, technical assistance, financial transactions, contract management, and personnel management. The bureau objective is to provide direct response to all conservation district administrative and legal issues to facilitate normal district operations.

**Administrative Grant Program.** Conservation districts are eligible to receive grants for administration from the bureau when their county mill levy of 1.5 mills is inadequate to support district operations. Financial need far exceeds the availability of funds. In fiscal year 1989, the bureau received 41 applications totaling \$180,000. Grants, averaging about \$3,000 each, were approved to 38 districts for a total of \$95,000. The bureau objective is to establish program criteria, process grant applications, administer grant contracts, and monitor expenditures on an annual basis.

**House Bill 223 Program.** The bureau administers the Conservation District Grant Program (HB223 Program) to provide funding for district projects and activities necessary to satisfy their natural resource management mandate. Funds are used to correct streambank erosion and sedimentation problems, rehabilitate burned areas, conduct water development projects, youth educational activities, and equipment rental programs. This program is the only direct source of funding available for conservation district projects and activities. Under base funding the objectives are to: process grant applications quarterly; administer grant contracts; and monitor project expenditures and progress monthly.

SB 310 Permit Program. Any private entity planning work in or immediately adjacent to a stream must obtain a permit from their local conservation district under the Natural Streambed and Land Preservation Act. The bureau provides for consistent administration of the permit program amongst the 59 conservation districts. The bureau objectives are to: develop a handbook and video on 310 administration for supervisors; to provide guidance on problem projects; and to continue to inform the public of stream permitting requirements.

Nonpoint Source Water Pollution Control Program. Montana's 59 conservation districts have been designated the local nonpoint source (NPS) control agency for nonfederal lands in the state. EPA has contributed \$80,000 annually for the past two years to assist districts with stream assessments, planning, and education efforts. The bureau has received a Reclamation and Development Program grant to demonstrate best management practices for controlling nonpoint source pollution and rehabilitating three to four stream projects. The bureau objectives are to: assist districts with NPS inventory, planning, and education projects; implement three to four NPS demonstration projects; and develop a watershed education curriculum and field study program for schools.

Riparian Management Education and Information for Landowners. Over the past two years, the bureau has organized and directed the activities of the Riparian Education Committee, an interagency/private organization cooperative.

The major activities of the riparian management program are: development of educational displays on grazing and forestry practices in streamside areas; identification of riparian demonstration areas in the state for use during landowner tours; sponsorship of local landowner workshops; production of a brochure, Montana's Riparian Areas; establishment of a library of riparian education materials and videos; planned production of a video

emphasizing landowner benefits of well managed riparian areas and successful approaches to riparian management; and communication and idea-sharing with similar efforts in other western states. The program has reached tens of thousands of Montanans.

Under base funding, program objectives are to hold ten landowner workshops per year, to distribute 20,000 brochures a year, to have displays used at 30 functions per year, and to produce a landowner video.

Rangeland Resource Program. The bureau is responsible for coordination and promotion of sound range management practices throughout the state. The program is implemented by conservation districts with guidance and assistance from the bureau program coordinator. Program activities are reviewed by the Rangeland Resource Executive Committee, which is appointed by the governor. The bureau also administers a rangeland improvement loan program to finance range improvement projects which met program goals. The program objectives are to: process loan applications; administer funded loans; promote range management education; address state range management issues; and promote coordinated resource management and planning efforts.

Coordinated Resource Management. Serious conflicts are occurring between various interest groups concerning how public and private lands should be managed. Coordinated Resource Management (CRM) uses a consensus approach to promote, improve, and accomplish the communication and coordination necessary to get concerned people working together to attain good resource management on the ground. CRM plans, however, are completed by groups of local people--ranchers, farmers, other interested parties, and agency people involved in a specific area.

An organization of executives from state and federal agencies called the State Executive Group, assisted by a group of agency specialists called the State Task Group, provides leadership, direction, and training throughout the state. The bureau coordinates task group activities and assists conservation districts in initiating planning activities.

Private Forest Stewardship Assistance Program. The Private Forest Stewardship program is an interagency-private landowner

cooperative to encourage active management of private woodland. An active private timber management program would enhance stand vigor and productivity; reduce fire, weed, insect, and disease infestations; and improve grazing, wildlife, fisheries, and timber production, to meet landowners' needs. The stewardship program will be accomplished through a series of training workshops for resource professionals who provide timber management information to private landowners. The bureau is a participating agency in the stewardship program, providing a valuable link with Montana's conservation districts. The bureau will represent conservation districts, serve as an information source to the districts, encouraging their involvement, and promote the program. Under base funding, the program objective is to assist conservation districts in promoting the stewardship program among landowners and resource professionals in the district.

**Forest Practices and Water Quality Program.** The Cumulative Watershed Effects Cooperative (CWEC) was established in 1986 to limit cumulative watershed effects due to timber harvests. The bureau represents the districts and the department on the interagency-private industry CWEC. The bureau is coordinating district involvement in the cooperative Best Management Practices education program, and is promoting sustainable forest management as a means of providing stable rural economies.

Under base funding, program objectives are to ensure that timber harvests on private and public lands in Montana cause minimal nonpoint source pollution (sedimentation), comply with 310 permit requirements, and provide long-term economic stability to Montana's rural communities.

**Rural Development.** Through the efforts of the bureau, conservation districts, the Montana Association of Conservation Districts, the Soil Conservation Service, and the Headwaters Resource

Conservation and Development Area (RC&D), fifteen counties are organizing to address rural development on a regional basis. The counties involved are Judith Basin, Fergus, Petroleum, Musselshell, Golden Valley, and Wheatland in Central Montana; Lincoln County in northeast Montana; plus Silverbow, Granite, Jefferson, Deer Lodge, Beaverhead, Broadwater, Madison, and Powell Counties in the Headwaters Area. Also sixteen counties in Eastern Montana including Carter, Powder River, Fallon, Custer, Wibaux, Prairie, Dawson, McCone, Richland, Garfield, Valley, Daniels, Sheridan, Roosevelt, Rosebud, and Treasure Counties are in the early stages of organizing.

The regional (multi-county) approach to rural development is requested and supported by local people. Although the effort is quite young, progress in regional cooperation and rural community has been made. A course has been developed for county leaders and local citizens which establishes an increased awareness of rural development, equipping participants with the tools to activate others to respond constructively and effectively to the negative economic changes affecting their communities. The course is targeted to fit the most basic needs of rural America: a need to know enough about what to do to respond to economic change and a need to know how to get all one's neighbors working together to confront these changes. Past experience has shown that the effort cannot be successful without a full time coordinator in each region. The bureau has one staff person located in Roundup to represent six counties in that area. The Soil Conservation Service has funded a coordinator to represent eight counties in southwestern Montana.

It has not been determined yet how a coordinator position(s) will be funded in eastern Montana. Under base funding, the Rural Development Program objectives are to provide administrative assistance and direction to the Central Montana RC&D; to complete the regional organization of sixteen counties in eastern Montana; and to offer program assistance to new areas of the state if staff time and funding are available.

**Grazing District Supervision and Assistance.** State Grazing District Law (Grass Conservation Act) provides for the conservation, protection, restoration, and proper utilization of grass, forage, and range resources. It provides for the creation of cooperative nonprofit grazing districts and sets up



a permitting system which aids in the management of all grazing lands where land ownership is intermingled. The bureau acts in an advisory capacity to supervise and coordinate the formation, operation, and dissolution of grazing districts; to develop management plans for lands lying within or outside grazing district boundaries in conformity with recognized conservation and stabilization policies. Thirty state grazing districts represent approximately 1,300 permittees, covering over 10 million acres of land. The bureau objectives are to: assist grazing districts by providing administrative and legal advice; monitor the grazing districts' financial status; and collect annual reports, financial statements, and dues.

Conservation District Training. The bureau provides training for state's 59 conservation districts who are responsible for carrying out many complex state and federal laws. Workshops are held regionally to address water reservation application procedures, supervisor roles and responsibilities, office management, and computer accounting and record keeping. Printed materials will be developed including: The Supervisor Handbook; The 310 Procedure Guide; and the Conservation District Administrative Procedure Guide.

Public Awareness. The bureau provides public information materials in the form of printed materials, slide/tape shows, and displays, which explain conservation district activities, services, and programs in erosion and sediment control, water quality, wildlife habitat, rural development, streambed protection, water reservations, and project funding.

In response to over 300 requests for handout material and displays, the objectives of the bureau are to: develop two informational booklets; prepare two table top displays; and assist conservation districts in their public awareness activities.

Watershed Planning. The bureau is encouraging the development of multipurpose flood control, erosion control, and off-stream storage projects through a cooperative agreement with the Soil Conservation Service, under Public Law 566. The bureau provides \$64,500 per year to the Soil Conservation Service for project planning and assessment, with up to \$1,350,000 in federal funds supplied annually for project planning and construction. The Resource Conservation Advisory Council provides the review of watershed project applications (DNRC director has the final approval).

Agricultural Energy Conservation Program. The 1987 legislature authorized the use of \$500,000 from the Oil Overcharge Restitution Account for a program that promotes energy conservation in agriculture. A total of 25 projects were funded, of which 24 are currently active. Projects funded include soil moisture monitoring projects, solar livestock watering projects, farm energy auditing projects, energy efficient irrigation demonstration projects, irrigation system audits, and legume rotations for energy conservation purposes. Under base funding, the objectives are to provide assistance to grant recipients in conducting their programs in accordance with federal guidelines; monitor project progress (through on-site visits and written reports); issue warrants based on quarterly reports supplied by the grantees; and file quarterly progress reports with the US Department of Energy. When projects are completed, information will be compiled and distributed to all conservation districts and other interested parties.

Sustainable and Small Scale Agriculture. Protection of groundwater quality, high energy costs, demand for chemical free food, and volatile farm economics have created a need for sustainable alternatives in agricultural production. The sustainable agriculture concept addresses many traditional conservation goals of the conservation districts. The objectives of the bureau are to: incorporate the principles of sustainable agriculture into conservation districts' activities, services, and programs now offered. Information on sustainable management alternatives will be offered as part of the bureau monthly newsletter. The bureau will also develop a resource directory of current publications.

Montana Salinity Control Association. The bureau provides \$100,000 in pass-through funding to the Montana Salinity Control Association (MSCA). MSCA represents thirty-three conservation districts concerned with saline sheep reclamation, prevention, and education programs. Over three million acres are now adversely affected in the Northern Great Plains with a conservative estimate of 300,000 acres of cropland out of production in Montana. The annual growth rate is 10 percent. Resulting loss of farm income and lowered property values (decreased taxes) may cost the state economy over \$6 million. Increased costs include new rural water lines for domestic, livestock, and irrigation uses; water treatment; weed control; and repair of infrastructure (roads, streets, buildings). All told, salinity is costing the state economy over \$11.3 million per year.

MSCA has an interdisciplinary technical field team located in Conrad to provide individual site specific reclamation plans for landowners and municipalities. A continuing education and follow-up policy is an integral part of the program. The MSCA program has developed individual reclamation plans for 317 cooperators on 10,000 acres of saline affected land. Total planned acres exceed 75,000 acres.

## Performance Indicators

Conservation District (CD) Programs  
 -- CDs assisted with 310 permit administrative & legal questions  
 -- PS demonstration projects  
 -- Classroom watershed education programs  
 -- Riparian mgt. workshops for landowners  
 -- Riparian mgt brochures distributed  
 -- Annual Coordinated Resource Management Group meetings (CRMP) and project CRMP meetings

Natural Resources Conservation Education Activities. This activity provides grant funding and policy guidance for resource conservation education programs, which benefit all Montanans. The bureau assists conservation districts sponsoring three annual youth camps statewide: the Youth Range Camp; Range Days; and the Natural Resource Youth Camp. The camps provide youth with the knowledge and skills necessary to make decisions regarding future management, protection, and wise use of our natural resources. The bureau also maintains and distributes a Conservation Education Resource Directory as a joint effort with the Office of Public Instruction. The directory identifies teacher training programs, extracurricular youth programs, and curriculum resources. The objectives of the bureau are to sponsor three annual youth education camps; to distribute the resource directory to schools; and to assist local conservation districts with education workshops and tours.

## Base Funding

The Conservation Districts Bureau receives funding from state, private, and federal sources. The major source of funding is received from the reclamation and development state special revenue account.

## CONSERVATION DISTRICTS PROGRAM

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
	63	63	63	63
	--	2	2	2
	15	15	20	20
	10	10	10	10
	20,000	20,000	20,000	20,000
	29	29	29	29

CONSERVATION AND RESOURCE DEVELOPMENT

-- Cumulative Watershed Effects Cooperative Meetings 3 3 3 3  
 -- CD forestry management workshops 10 10 10 10  
 -- Assist in formation of new RC&Ds 2 2 2 2  
 -- Assistance on conservation district water reservation applications 19 19 12 1  
 -- Educational Youth Camps 3 3 3 3  
 -- Distribute public awareness brochures 20,000 20,000 20,000 20,000  
 -- Distribute Handbooks 800 800 800 800  
 -- Field office visits 118 118 118 118  
 -- Supervisor training workshops 6 6 3 3  
 -- Employee training workshops 6 6 3 3  
 -- Water reservation workshops 1 1 3 3

Grazing District Assistance

-- Attend grazing district annual meetings 30 30 30 30  
 -- Collect & review annual financial reports 30 30 30 30

HB 223 Grants

-- Applications received and processed 39 39 39 39  
 -- Grants awarded 22 22 22 22  
 -- Active grants monitored 25 25 25 25

Administrative Grants

-- Applications received and processed 41 41 41 41  
 -- Grants awarded and monitored 38 38 38 38

Agricultural Energy Conservation Grants

-- Review Grant reports 62 41 20 6  
 -- On-site visits 10 10 10 3

Rangeland Resource Management

-- Rangeland improvement loans 10 10 10 10  
 -- Total Acres Improved 50,000 50,000 50,000 50,000



### INCREASE OR DECREASE FROM BASE

The Conservation Districts Bureau will gain one FTE. This FTE comes from the Resource Development Bureau. These bureaus are contained in the Conservation & Resource Development Division (CAARD). The division's overall FTE remain unchanged. The movement of this FTE from one bureau to another was due to an internal reorganization.

<u>Changes</u>	FY 92	FY 93
FTE	1	
Personal Services	46,303	46,186
Operating	( 2,204 )	( 1,913 )
Equipment	<u>( 1,130 )</u>	<u>( 1,130 )</u>
Total	42,969 SSRF	43,143 SSRF

## RESOURCE DEVELOPMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	12.80	-1.00	11.80	12.80	-1.00	11.80
Personal Services	0.00	0	381,498	-45,439	336,059	381,180	-45,350	335,830
Operating Expenses	0.00	0	75,549	-4,064	71,485	76,499	-4,549	71,950
Equipment	0.00	0	983	2,228	3,211	983	2,603	3,586
Capital Outlay	0.00	0	306,000	0	306,000	306,000	0	306,000
Debt Service	0.00	0	211,664	3,741,936	3,953,600	211,664	3,813,726	4,025,390
Total Agency Costs	\$0.00	\$0	\$975,694	\$3,694,661	\$4,670,355	\$976,326	\$3,766,430	\$4,742,756
State Special Revenue Fund	0.00	0	975,694	-258,939	716,755	976,326	-258,960	717,366
Debt Service Fund	0.00	0	0	3,953,600	3,953,600	0	4,025,390	4,025,390
Total Funding Costs	\$0.00	\$0	\$975,694	\$3,694,661	\$4,670,355	\$976,326	\$3,766,430	\$4,742,756

### Goals

- o To provide financial, technical, and administrative assistance to private and public entities for water and other natural resource projects and activities.
- o To provide a vehicle to implement the state water plan.
- o To provide Conservation Districts with technical and administrative assistance in developing and promoting projects in the Yellowstone River Basin which use water set aside for agricultural purposes through the water reservations process.
- o To prevent the state from losing money on the loans it issues through the bureau programs.
- o To provide loan funds through bonding programs.

### Authorization

Mont. Code Ann.

\$85-1-601, et seq. (1989)

Establishes the Montana Water Development Program to further the state's policies regarding the conservation, development and beneficial use of water resources. Assigns to DNRC the responsibility to administer the program.

Mont. Code Ann.

\$17-5-701, et seq. (1989)

Creates the mechanism to issue bonds backed by the coal severance tax to fund water projects.

Mont. Code Ann.

\$90-2-101, et seq. (1989)

Establishes the Renewable Resources Development Program to invest a proportion of the tax and other revenues from non-renewable resources in development of renewable resources. Creates the mechanism to issue bonds and appropriate funds for

the loan and grant program. Assigns to DNRC the responsibility to administer the program.

Mont. Code Ann.

§90-2-1101, et seq. (1989)

Establishes the Reclamation and Development Grants program to fund projects that indemnify the people of the state for the effects of past mineral development and that meet other crucial state needs. Assigns DNRC the responsibility to administer the program.

Mont. Code Ann.

§85-2-316, et seq. (1989)

Establishes a means of reserving water for existing or future beneficial uses. Requires the DNRC to provide technical and administrative assistance to the conservation districts in putting reserved water to use.

Mont. Code Ann.

§75-5-1101, et seq. (1989)

Creates the State Revolving Fund program to provide a means of using state match funds to leverage EPA construction grant funds for construction of wastewater treatment facilities. Assigns DNRC the responsibility of administering the financial aspects of the program.

## **Base Program**

### **I. Description**

The Resource Development Bureau is comprised of 12.5 FTE. The bureau provides technical, financial, and administrative assistance to public and private entities to complete projects that put renewable resources to work, increase the efficiency with which natural resources are used, or solve recognized environmental problems. Some of the most important roles the bureau programs play are:

1. Plan implementation. Planning is essential to assure actions taken actually solve the problem at hand in the most cost-effective manner possible. Without the resources to follow through with action, however, planning is largely a wasted effort. The loan and grant programs are a source of funding for actually constructing projects or carrying out activities which arise from planning efforts initiated at the local and state level.
2. Source of local cost-share funds. Federal government funds for many local- and state-sponsored projects are decreasing. Of the federal financial programs still active, virtually all mandate that the non-federal entity meet a stiff matching fund requirement before any federal financial assistance becomes available. The bureau programs frequently provide one of the few sources and in many cases, the only source of matching funds needed to secure federal funding that can cover as much as 75 percent of total project cost.
3. Incentives for improved resource management. Before a project is approved under any of the programs, the sponsor must show a substantial benefit to public resources. The programs create a positive incentive for resource users to improve management practices which affect public resources, often by increasing the efficiency with which those resources are used, changing the nature of that use to avoid creating costly resource problems in the future, or mitigating damages caused by past resource use.
4. Facilitating compliance with government mandates. Local governments in particular are subject to ever more stringent mandates to provide safer drinking water supplies, reduce pollutant discharge to receiving waters, repair deteriorating infrastructure, abandon environmentally suspect waste disposal practices, etc. The programs offer some of the only options now available for assisting these entities in shouldering the substantial financial commitments necessary to comply with these mandates.
5. Pass-through savings. Because of the state's excellent credit rating, it is able to borrow money in the credit market at a considerably lower cost than can individual project sponsors. These savings are passed along to parties

approved for funding under the identified loan programs, improving profit margins for producers or reducing potentially excessive rates for recipients of public services.

6. Economic development/Infrastructure improvement. The grant and loan programs plan an important role in establishing the sound infrastructure critical for economic development. Sewer systems, water supply, and distribution systems, and water storage facilities have been the primary focus of these efforts. In addition, numerous projects have been funded that increase productivity of resources or return to full productivity land made unproductive by saline seep, erosion, mine wastes, etc.

7. Encouraging local initiative. Over 80 percent of the projects funded have been sponsored by local governments. The availability of both financial and administrative assistance encourages local government to take the initiative to solve their own problems and make things happen in their community.

8. Responsiveness to changing natural resource management priorities. Most of the program guidelines are sufficiently general to allow many types of natural resources projects to be funded under existing program. The focus of the programs can be changed by a modification of executive branch policy to respond rapidly to changing resource management priorities.

The bureau currently administers three loan and grant programs. A fourth will be added in mid-1990. Bureau administrative costs for the existing loan and grant programs was less than 3 percent of the funds issued during the FY 88-89 biennium. The bureau also assists the conservation districts in the Yellowstone River basin in putting to use water set aside for future needs through the water reservation process. Finally, the bureau is involved in lien purchases on bad loans and in

meeting payment obligations on bonds it has sold to finance loans through the Water Development and Renewable Resource Development programs.

Each of these bureau responsibilities is described briefly below.

#### Water Development Program

Through this program, project sponsors receive assistance in initiating and completing a wide range of water-related projects and activities. The program is comprised of three parts: grants, public loans and private loans.

For the FY 90-91 biennium, a total of 13 grants for \$731,668 are expected to be funded. These grant funds will be matched with approximately \$1,590,000 in federal, state, local and private funds. Irrigation-related rehabilitation projects will affect about 1,000 water users and almost 55,000 irrigated acres. Public and rural water/wastewater projects will benefit approximately 3,800 individuals as well as users of the 300 rural water systems in the state. One of the approved projects will determine the feasibility of providing flat-water recreation to residents of Sheridan County and northeast Montana. Another grant will be awarded to Butte-Silver Bow to help with the coordination of the Clark Fork Basin cleanup activities.

For the same period, a total of 13 public loans for \$20,029,784 were authorized by the 1989 Legislature. Five of these projects are under contract with DNRC and one has already been completed. These Water Development Public Loan funds will be matched with approximately \$13,445,000 in federal, state and local funds. Public and rural water and wastewater projects will benefit almost 50,000 individual users. The lone irrigation rehabilitation project will benefit 44 farms while reducing both the water and power requirements for irrigation of 7,000 acres.

Over the past year, the bureau has issued 7 loans to private parties totaling more than \$436,000. These loans have attracted over \$112,000 in cost-share funds. Projects funded by these loans will increase the efficiency of water use on over 1,200 acres of irrigated cropland, reducing total water

demand by an estimated 4,300 acre-feet. In addition, crop production increases worth about \$36,000 per year should result from these projects.

#### Renewable Resource Development Program

The Renewable Resource Development Program is designed to provide assistance to public entities for a broad range of natural resources-related projects. It has both a grant and small loan program.

The 1989 Legislature authorized a total of \$1,292,530 in RRD grant monies to fund 22 projects. These RRD grant funds will be matched with approximately \$2,774,000 of federal, state, and local funds. Seven of the approved projects benefit over 6,700 individuals in upgrading of their water/wastewater systems. Nine of the projects are studies or data generating activities beneficial to all Montanans. Groundwater monitoring and investigations will be conducted as part of three projects which will provide much needed information to over 100,000 residents dependent on local groundwater supplies. One project will expand outdoor recreational opportunities for residents of Bozeman and Gallatin County; another will determine the potential of providing flat water recreation in Yellowstone County.

A total of 3 public loans for \$376,380 were authorized by the 1989 Legislature. All were for community water supply system improvements. When the projects are constructed, the loans will be matched with approximately \$686,340 in federal, state, and local funds.

#### Reclamation and Development Grants

The Reclamation and Development Grant program establishes a state capability to fund projects that indemnify Montana citizens for the effects of past mineral development on public resources and

that meet other crucial state needs serving the public interest. It is a grant program only.

For the FY 90-91 biennium, \$2.85 million has been appropriated to fund 15 projects. These projects have attracted an additional \$1.42 million in matching funds. A good example of the type of project funded under this program is the Blackfoot River Abandoned Mines project, which will eliminate a major source of contamination to the upper Blackfoot River by reclaiming and eliminating acid mine discharges from five abandoned hard-rock mines east of Lincoln. Other projects are concentrated in the following areas: mine reclamation construction (5); mine reclamation research (3); non-point pollution control (2); hazardous waste cleanup (1); and, information systems and transfer (1). Routine project monitoring, inspection and grant contract closeout continues on 23 projects authorized by the 1987 Legislature.

#### State Revolving Fund

The State Revolving Fund was created by the 1989 Legislature. It is designed to combine Environmental Protection Agency construction grant money with state matching money to create a low-interest loan program that will be used to fund community wastewater treatment projects. DNRC will administer the financial aspects of this program while DHES will administer the technical review/compliance monitoring aspects. The program is expected to begin funding projects during the fall of 1990.

#### Water Reservations

Water set aside through the reservation process must be put to actual beneficial use to withstand the test of claims by downstream states and for reservations to prove effective in equitably allocating a scarce resource for future use among different in-state groups. Of all the applications in the Yellowstone River basin water reservation process, the conservation districts were most limited in the staff and funding resources needed to comply with technical and administrative requirements for using reserved water. Recognizing this, the 1981 Legislature provided Water Development program funds to directly assist the Cds. With the

resulting position, the bureau has helped each CD develop procedures needed to administer its water reservation. The bureau has also helped the CDs compile detailed project plans which must be approved by the Board of Natural Resources and Conservation before project development. This assistance, together with a concerted effort by all CDs to promote the use of their reserved water, has resulted in the approval of 90 projects to use 25,381 acre-feet per year in 14 conservation districts.

#### Lien Purchases on Bad Loans

The Water Development Program has included a private loan program since 1981. Proceeds from State General Obligation Bond sales are used to make these loans. The loans are made at the interest rate received on the bonds and are up to \$200,000 each. To date 71 loans have been made which total \$4.7 million.

These loans are made primarily for irrigation projects and are secured by mortgages or liens on property (usually real estate) equal in value to at least 125% of the amount of the loan. These mortgages may be first, second, or behind a contract for deed.

To date there has been two partial defaults and indications of potential problems with 7 or 8 of the outstanding loans. If loans are foreclosed on either by the State or other mortgage holders, and the security (property) is sold at a sheriff's sale, the State may have to purchase the prior lien to protect its' security.

In the Water Development Private Loan Program the "loss loan lien purchase" money is used to protect the State's investment should any of the loan recipients be foreclosed on by the State or other mortgage holders. This would include maintenance on the project in order to preserve collateral or to buy out prior lien holders. In situations where

the State is not the first lien holder and a foreclosure is initiated, the property may go to sheriff's sale. In order to protect its investment, the State may need to be in a position to purchase the property at a price high enough to buy out prior lien holders. If the State fails to do this, a first mortgage holder, for example, would bid as much as they were owed and all others with a secured interest would lose their investment. These funds would be recovered after the State resold the property.

#### Bond Payments

Four bonding programs are being administered by the Conservation and Resource Development Division. They are the Water Development Private Loan Program (\$10 million bonding authority); the Water Development Public Loan Program (\$250 million bonding authority); the Renewable Resource Development Loan Program (\$5 million bonding authority); and the State Wastewater Treatment Revolving Fund Program (\$10 million bonding authority).

The cost of issuing bonds (approximately 3% of face value) is paid for by the entity receiving the loan. The typical expenses included are:

- (1) Underwriters Discount
- (2) Bond Counsel Fee
- (3) Financial Advisor Fee
- (4) Paying Agent Fee
- (5) Registrar Fee
- (6) Bond Printing
- (7) Official Statement Printing
- (8) Moody's Rating
- (9) Standard Poors Rating
- (10) Auditor's Fee
- (11) Letter of Credit Fee

#### II. Objectives

The Water Development grant, Renewable Resources grant, and Reclamation and Development grant programs are administered in a similar fashion. Any grant issued through these programs must first receive legislative approval; thus, the programs operate on a 2-year cycle, with the application submittal



deadline on May 15 of even-numbered years. The major objectives for these programs are as follows.

1. Complete review and evaluation of applications for technical/financial feasibility, need, and public benefits within 120 days after submittal deadline.
2. Prepare final application ranking and funding recommendations within 150 days after submittal deadline.
3. Complete final report containing project funding and ranking recommendations, submit to Governor by January 1 of odd-numbered years.
4. Complete grant agreements for legislatively-approved projects within 60 days of notice of fund availability.
5. Monitor performance and compliance of each grant project (inspections, progress reports, claim payments, completion of stated tasks, etc.). (ongoing)
6. Update/review all necessary program policies, forms, contract documents, application guidelines, ranking criteria. (ongoing)
7. Monitor program budgets and cash flow (ongoing).

The Water Development and Renewable Resource Development public loan programs are financed by bond sales. Like the grants, public loans must be approved by the legislature. These programs, therefore, operate on the same two-year cycle. The major objectives for the programs are:

1. Complete review and evaluation of applications for technical/financial feasibility, need and public benefits within 120 days after submittal deadline.

2. Prepare final application funding recommendation within 150 days after submittal deadline.

3. Complete final report containing project funding recommendations, submit to Governor by January 1 of odd-numbered years.
4. Review and approve plans, specifications, and contract documents for legislatively approved projects within 30 days after they are received.
5. Prepare bond purchase agreements for legislatively approved loan projects within 60 days of applicant's request and notification.
6. Conduct bond sales on an "as needed" basis to fund the approved projects.
7. Monitor performance and compliance of each loan project, which includes inspections, progress reports, completion of stated tasks, etc. Conduct at least one field inspection per project per year during project construction.
8. Update and revise all necessary program policies, forms, contract documents and application guidelines. (ongoing)
9. Monitor program budgets and loan repayments, and make bond debt service payments on time. (ongoing)

Private loans issued through the Water Development Program are also financed with bond sales. Unlike grant and public loan programs, only department Director approval is required before the loan is issued. Major objectives for this sub-program are:

1. Complete assessment of whether to approve the loan within three weeks of receiving a correct and complete loan application.
2. Obtain loan funds for approved projects within three months after applications are approved.
3. Assure that financial condition of loan recipients are adequate to preclude need for foreclosures on loans issued.



4. Assure that security received from loan recipients is adequate so that, should foreclosure on delinquent loans be necessary, no loans losses will be incurred.
  5. Complete foreclosure action on the five outstanding problem loans by June 30, 1992.
- The major objectives for the Water Reservation program are as follows:
1. Respond to a request for assistance to help applicants prepare a detailed development plan within two weeks of receiving that request from the conservation district.

2. Complete preparation of detailed development plans for individual projects within 3 weeks of receiving such a request from a conservation district. Secure board approval at next regularly scheduled board meeting.

3. By June 30 of each year, update and verify records on the use of reserved water by conservation districts maintained by both the districts and the department.

Objectives for the State Revolving Fund program are incorporated into the Department of Health and Environmental Science narrative for that program. Objectives for lien purchases on bad loans and bond payments are covered implicitly in the private and

### Base Funding

In FY90, the bureau utilized state special revenue accounts for funding. A similar funding arrangement is expected for FY91-93, except that the administrative costs associated with DNRCS role in the state revolving fund will probably be covered by EPA construction grant funds.

### Performance Indicators

#### I. Loan and Grant Programs

##### Workload Measures

- Workshops Conducted
- Pre-application Consultations Provided
- Applications Received
- Application Evaluations Completed
- Legislative Reports Prepared
- Projects Approved for funding
- Plans/Specs Reviewed
- Contracts written for approved projects
- Projects Monitored
- Projects Completed
- Bonds Issues Sold

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
	8	15	10	15
	250	20	60	20
	125	145	30	150
	15	2	20	2
	10	80	15	85
	9	7	14	14
	35	49	47	59
	106	122	128	124
	33	41	63	41
	3	3	3	3

- Private Loan Foreclosures Concluded
- Revision of Administrative Rules Complete

2	1	1
	1	1

## II. Water Reservations

### Workload Measures

- Detailed Development Plans Prepared and Approved
- CD Clerk Workshops Held
- District Meetings Attended
- Updates Processed

8	15	15
1	1	1
14	14	14
20	20	20

### **Increase or Decrease from Base**

The Resource Development Bureau will give one FTE to the Conservation Districts Bureau. These bureaus are contained in the Conservation and Resource Development Division (CAARD). The Divisions FTE remain unchanged. The movement of this FTE from one bureau to another was due to an internal reorganization.

The 3.7 million dollar increase in FY 92 and 3.8 million dollar increase in FY 93 from the base is due to the Debt Service expense being presented. The Debt Service expense is for the bond payments which will be made by the Resource Development Bureau. They are appropriated by statute.

Changes	FY 92	FY 93
FTE	(1)	(1)
Personal Services	(45,439)	(45,350)
Operating Expenses	( 4,064)	( 4,549)
Equipment	<u>2,228</u>	<u>2,603</u>
	(47,275)	(47,296)
SSRF		SSRF
Debt Service	3,741,936	3,813,726
Total	\$3,694,661	\$3,766,430

## FORESTRY DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	225.80	233.07	237.85	3.15	241.00	237.85	4.43	242.28
Personal Services	5,270,267.14	6,059,516	6,411,834	78,579	6,490,413	6,410,845	110,127	6,520,972
Operating Expenses	3,408,559.03	2,893,344	2,955,965	-212,309	2,743,656	2,960,331	-199,014	2,761,317
Equipment	593,456.86	492,813	495,997	235,018	729,015	495,997	183,016	679,013
Transfers	0.00	0	100,000	0	100,000	100,000	0	100,000
Total Agency Costs	\$9,272,283.03	\$9,445,673	\$9,963,796	\$99,288	\$10,063,084	\$9,967,173	\$94,129	\$10,061,302
General Fund	6,345,566.25	5,821,842	6,331,951	-2,562,650	3,769,301	6,334,561	-2,565,826	3,768,735
State Special Revenue Fund	2,498,597.44	3,002,526	3,027,230	2,694,893	5,722,123	3,027,811	2,692,741	5,720,552
Federal Special Revenue Fund	428,119.34	621,305	575,569	-32,955	542,614	575,652	-32,786	542,866
Proprietary Fund	0.00	0	29,046	0	29,046	29,149	0	29,149
Total Funding Costs	\$9,272,283.03	\$9,445,673	\$9,963,796	\$99,288	\$10,063,084	\$9,967,173	\$94,129	\$10,061,302

### OVERVIEW

The Forestry Program is administered by the Forestry Division in Missoula. The major purposes of the program are to manage State-owned forest lands held in trust for the support of education, to protect the State's forest and non-forest watershed lands from wildfire, and to provide technical forestry assistance to private landowners, businesses and communities. Program services include:

**Fire Management**--Provide economically efficient wildfire protection to 60 million acres of State and privately-owned forest and watershed lands through aggressive prevention, suppression, and county assistance programs.

**Forest Management**--Manage State Forest Land to: (1) provide income to the various school trusts through the sale of forest products and the licensing of various special uses; (2) enhance long term productivity; and (3)

provide for other resource values, such as soil, water and wildlife.

**Brush Disposal**--Provide for fire hazard reduction and associated site preparation on State Forest Land following Forest Management program activities.

**Timber Stand Improvement (TSI)**--Conduct activities such as planting, seeding, thinning, tree improvement, seed collection, and seedling production that improve the composition, condition or growth of trees on State Forest Lands.

**Tree Nursery**--Grow, sell and distribute tree seedlings and shrubs for conservation plantings on State and private lands, such as for shelterbelts, windbreaks, wildlife habitat improvement, reclamation and reforestation.

**Administration of the Fire Hazard Reduction and Management (Slash) Law**--Assure that the fire hazard created by logging and other forest management operations

on private forest land is adequately reduced, or that additional protection is provided until the fire hazard is reduced to an acceptable level.

Other Services.--Provide the following professional and technical services to Montana residents, businesses and communities.

- Advise and assist private forest landowners and operators in improving forest productivity, preventing erosion and improving the utilization of forest resources; and assist rural and urban communities with their community forestry problems.
- Advise and assist loggers, primary and secondary wood products processors, and others in improving the utilization of wood products produced from the forests.
- In cooperation with the federal government and private landowners, conduct studies and adopt measures necessary to prevent and suppress outbreaks of forest insect pests and tree diseases.
- In cooperation with the Department of Institutions, assist in the development of the work skills of residents of the Swan River Forest Camp by providing training in forestry work, carpentry, and automotive mechanics, while at the same time accomplishing needed forestry work.

# FIRE MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	53.61	53.04	53.61	.00	53.61	53.61	.00	53.61
Personal Services	1,527,211.16	1,581,928	1,601,964	3,618	1,605,582	1,601,469	3,616	1,605,085
Operating Expenses	183,080.67	200,942	202,906	48,633	251,539	204,573	46,594	251,167
Equipment	55,445.92	56,250	56,250	0	56,250	56,250	0	56,250
<b>Total Agency Costs</b>	<b>\$1,765,737.75</b>	<b>\$1,839,120</b>	<b>\$1,861,120</b>	<b>\$52,251</b>	<b>\$1,913,371</b>	<b>\$1,862,292</b>	<b>\$50,210</b>	<b>\$1,912,502</b>
General Fund	1,728,044.97	1,790,215	1,795,517	-1,795,517	0	1,796,690	-1,796,690	0
State Special Revenue Fund	14,692.92	0	14,996	1,877,900	1,892,896	14,996	1,877,032	1,892,028
Federal Special Revenue Fund	22,999.86	48,905	50,607	-30,132	20,475	50,606	-30,132	20,474
<b>Total Funding Costs</b>	<b>\$1,765,737.75</b>	<b>\$1,839,120</b>	<b>\$1,861,120</b>	<b>\$52,251</b>	<b>\$1,913,371</b>	<b>\$1,862,292</b>	<b>\$50,210</b>	<b>\$1,912,502</b>

## Structural Fire\*

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	5.00	-1.00	4.00	5.00	-1.00	4.00
Personal Services	0.00	0	172,793	-24,706	148,087	173,507	-24,807	148,700
Operating Expenses	0.00	0	72,505	-15,940	56,565	72,718	-15,881	56,837
Equipment	0.00	0	3,184	-184	3,000	3,184	-184	3,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$248,482</b>	<b>\$-40,830</b>	<b>\$207,652</b>	<b>\$249,409</b>	<b>\$-40,872</b>	<b>\$208,537</b>
General Fund	0.00	0	219,436	-99,330	120,106	220,260	-99,372	120,888
State Special Revenue Fund	0.00	0	0	58,500	58,500	0	58,500	58,500
Proprietary Fund	0.00	0	29,046	0	29,046	29,149	0	29,149
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$248,482</b>	<b>\$-40,830</b>	<b>\$207,652</b>	<b>\$249,409</b>	<b>\$-40,872</b>	<b>\$208,537</b>

\*Note: The structural fire budget (Fire Services Training School) would be transferred from the State Extension Service (MSU) to the Fire Management Bureau. (See discussion under Increases/Decreases from Base).

## GOALS

**Fire Management:** Protect, sustain and improve the natural resources on State and private lands for the benefit of all Montanans through fire prevention, protection and prescribed fire activities.

- **Prevention:** Eliminate preventable forest, range and other wildfires.
- **Protection:** Provide economical and efficient protection from damage by fire to the resources on 49 million acres of State and privately-owned forest and non-forested watershed lands.
- **Prescribed Fire:** Provide for the wise, controlled use of fire as a basic tool in resource management on State and privately-owned lands, based on needs identified in resource management plans, knowledge of fire effects and state-of-the-art procedures.
- **Training:** Provide employee development training so all employees and cooperators can perform assigned fire tasks at the minimum acceptable levels to meet resource management and protection responsibilities.
- **Suppression:** Protect life and property from the damaging effects of wildfire.

## AUTHORIZATION

Section 76-11-101 through 76-11-102, MCA  
Protection from Fire.

Section 76-13-101 through 76-13-126, MCA  
Protection of Forest Resources.

Section 76-13-201 through 76-13-211, MCA  
Provision of Fire Protection Service.

Section 7-33-2201 through 7-33-2210, MCA  
Rural Fire Protection. Montana law mandates the Department of State Lands to protect the natural resources of the State from destruction by fire. The

DEPARTMENT OF STATE LANDS

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Department administers a comprehensive wildfire protection operation on almost 50 million acres of State and private forest land and non-forest watershed lands.

## BASE PROGRAM

The Department of State Lands protects the natural resources of the State from destruction by fire in compliance with State statutes. Specifically, the fire management and protection function services 49,343,557 acres of State and privately-owned lands as detailed in State resource management plans, or as required by State law. A total of 3,106,383 acres of State and private lands, 690,292 acres of BLM lands, and 898,547 acres of U.S. Forest Service offset lands totaling 4,695,222 acres are protected by DSL; 1,853,633 acres of State and private lands are subcontracted to federal agencies; and the State/County Cooperative Fire Protection network protects 44,383,541 acres. Protection is summarized as follows:

FORESTRY

State Direct Protection:

State and Private Lands	
BLM Lands	3,106,383
USFS Lands	690,292
	<u>898,547</u>
Total	4,695,222 acres

Federal Direct Protection of State and Privately-Owned Lands (Subcontract):

BIA	154,604
BLM	84,005
USFS	<u>1,615,024</u>
Total	1,853,633 acres

State/County Cooperative Fire Protection:

49 Counties (State and private lands)	44,383,541 acres
<u>Grand Total State and Private Lands Protected:</u>	<u>49,343,557 acres</u>

Fire management and protection are administered through five programs as follows:

Description of Programs

Fire Prevention--The goal of DSL's fire prevention program is to reduce the number and severity of wildfires occurring each year. DSL's prevention program is made up of three parts: engineering through prescribed fire, education, and/or enforcement measures applied to avert damage from wildfire.

Fire Suppression--The suppression program encompasses all activities in preparation to detect and suppress wildland fires.

County Fire Management--DSL participates in the State/County Cooperative Fire Protection program in 49 counties (44,383,541 acres). The State trains and organizes county fire forces, provides money and fire

equipment, and assists counties when fires exceed their capability.

Fire Suppression--This includes all activities involved in a wildfire from detection through final mopup, patrol, rehabilitation and demobilization. DSL is directly responsible on its protection, assists 49 cooperative counties with fires exceeding their capabilities, and provides support to federal fire agencies and other states when appropriate.

Equipment Development and Support--DSL develops, warehouses, maintains, inventories, and inspects fire equipment and supplies. Through the USDA Forest Service, DSL also administers the Federal Excess Property Program.



Current production and accomplishments from the five fire programs are summarized by subprogram as follows:

#### Fire Prevention:

Fire prevention actions are based on Unit, County and Land Office fire prevention plans. These plans consider values at risk, fire hazards, fire risks, and frequency of ignitions, etc. The current annual average of human-caused fires is 53 percent, which is consistent with the last five years of fire data. Residential/Wildland Interface remains the top priority within DSL's prevention program.

Within fire prevention education DSL gathers data, investigates fires, analyzes annual changes and trends, and designs ongoing actions to confront preventable fires through the fire prevention planning subprogram. Public education through the "Keep Montana Green" and the "Cooperative Forest Fire Prevention" activities are handled by DSL.

Fire prevention enforcement through rules, regulations and statutes is the last subprogram within fire prevention. DSL performs inspections and investigations to carry out its enforcement duties.

Specific program objectives include:

- Manage the State-wide "Keep Montana Green" fire prevention activities.
- Procure, distribute and post fire prevention posters.
- Update unit and Land Office prevention plans.
- Issue burning permits with direct protection units.
- Recommend and enforce forest activity restrictions and forest closures as required on direct protection units.
- Assist counties and other cooperators in requesting restrictions and forest closures.
- Conduct railroad and power line inspections, per prevention plan.
- Conduct industrial forest operator/user inspections, per prevention plan.

- Distribute informational materials and schedule local workshops on fire prevention in forested subdivisions.

#### Presuppression:

The presuppression program encompasses all activities in preparation to detect and suppress wildland fires. Fire mobilization plans, interagency dispatch centers, zone support centers, and communications networks are maintained to provide the quickest detection, dispatching and coordination of fire forces, to provide the least possible resource loss. Fire fighters are employed and trained to provide this service as well as to maintain road and trail access to responsible protection areas. DSL preparedness strives for and maintains a goal of 95 percent of all direct protection fires controlled at less than 10 acres.

Specific program objectives include:

- Prepare initial attack forces to enable them to control 95% of all direct protection fires to less than 10 acres.
- Update manning & action guides for initial attack zones based on the fire management analysis and previous fire season's experience.
- Prepare, maintain & inspect all fire equipment to specified levels.
- Maintain fire readiness per Land Office mobilization guidelines.

#### County Fire, Equipment Development and Support:

DSL participates in the State/County Cooperative Fire Protection program in 49 counties (44,383,541 acres), at the request of the county and with the approval of the legislature. The State trains, mobilizes and organizes county fire fighters, provides fire equipment based on a county fire plan prepared by DSL, and assists the counties in fires which have exceeded their capabilities. The county, in turn, provides prevention, presuppression and suppression work to all land not protected directly by DSL or a federal wildland agency.

The majority of the equipment in the State/County Cooperative Fire Program as well as in the other DSL fire programs was acquired through the Federal Excess Property Program (FEPP). Through the Forest Service, DSL administers the FEPP. Approximately \$1,000,000 of property is acquired annually through the FEPP. Equipment is screened, acquired, warehoused, maintained, inspected, and inventoried by DSL. Annually DSL develops approximately 20 wildland fire engines/vehicles for use in both direct and county cooperative fire protection.

Specific program objectives include:

- Screen, procure and distribute approximately \$1,000,000 of federal excess property from Hill AFB, Toole Army Depot, Fort Lewis, Fairchild AFB, Mailstrom AFB and Ellsworth AFB.
- Using federal excess property vehicles, develop 20 wildland fire vehicles for use in both direct and county protection efforts.
- Prepare, maintain and inspect all co-op county equipment to specified levels.
- Prepare, maintain and inspect all State fire support equipment to specified levels.
- Prepare updates to all county action plans and meet with each county to review program.

#### Suppression:

Fire detection and suppression resources are maintained in a state of elevated readiness from June 15 to September 15, with a lower degree of preparedness throughout the remainder of the year. The five-year (1984-1988) average number of fire responses by DSL is 400 (47% lightning-caused, 53% man-caused), and for the same period support to other agencies is given on an average of 64 fires annually.

Specific program objectives include:

- Respond to about 425 wildfires annually on 4.7 million acres of direct protection.
- Man, equip and suppress wildfires in the most efficient and economical means possible, per mobilization guides and action plans.

- Control 95% of direct protection fires at less than 10 acres.
- Assess the potential of all fires for qualification as a disaster fire by the Federal Emergency Management Agency (FEMA).

#### Prescribed Fire:

The third essential element to DSL's prevention program is engineering. Through engineering DSL maintains an aggressive prescribed fire subprogram. Prescribed fire is a viable tool of resource managers. It is an important management option for hazard reduction, site preparation, forage and wildlife improvement, and fire training, with a secondary goal of preventing a wildfire through fuel management. Prescribed fire is a fire that is burning in wildland fuels according to approved plans, confined to a specific area, and achieving resource management objectives. The management of smoke created from such burns also falls within prevention. Approximately 3,000 individual burns covering over 135,000 acres are monitored annually.

Specific program objectives include:

- Monitor and coordinate the State-wide Interagency Air Quality Smoke Management program.
- Coordinate and monitor over 3,000 slash burns covering over 135,000 acres annually.
- Review the risk assessment and technical fire feasibility and support needs of all prescribed fire use plans prepared by DSL.

#### Fire Administration:

Fire administration includes updating and maintaining master agreements with USFS, BLM, and BIA, and efforts to balance acres of protection between the USFS and DSL.

Specific program objectives include:

- Review master agreements and annual operating plans with the Forest Service, BLM and BIA.
- Update annual operating plans with local fire organizations.

- Update working agreements with the National Guard, the Montana prison system and the Disaster and Emergency Services Division.

#### Rural Community Fire Protection:

DSL administers the Rural Community Fire Protection subprogram by awarding grants to local communities and rural areas for prevention, organizing, training, and equipping Montana's Fire Service. Since the start of the program over \$837,000 has been provided to Montana's 56 counties. This is a federal appropriation which requires a dollar match by the local governmental entity.

Specific program objectives include:

- Manage the Rural Community Fire Protection grant program by publishing program announcements, processing applications, setting priorities and awarding contracts for about \$62,000 annually.
- Maintain files and prepare required reports to the granting agency.

#### Fire Training:

Current training levels provide for one Type I fire team, individuals on interagency Type II fire teams, and one county assistance fire team. In addition, 80 percent of all other support personnel are trained to a predetermined level. Forty-nine coop. counties receive wildfire training prepared and delivered by DSL. DSL also participates in the Fire Services Training School Advisory Council, providing the link between wildland and structural fire training.

Specific program objectives include:

- Conduct 29 rural wildland fire fighting courses for county fire personnel annually.
- Conduct detection, radio operator, fire prevention and squad leader training for seasonal personnel.
- Coordinate and conduct fire suppression training for DSL employees.
- Maintain roster of fire qualifications for all DSL employees.

- Manage fire incident management team activities and training.

#### Fire Coordination:

Within the presuppression program, DSL maintains the fire assessment rolls, tracking over 42,670 entries on 4,960,016 acres and collecting an annual payment of over \$1,100,000 for fire protection services. Administration of all protection subcontracts is also a function of fire coordination. Fire coordination is provided at the State level with interaction with the Northern Rockies Coordination Center, State DES, and the Montana National Guard. Fire billing, communication engineering and data processing are other coordination services provided.

Specific program objectives include:

- Manage the fire assessment rolls by tracking over 42,670 entries on 4,960,016 acres, and collecting over \$1,100,000 from private landowners for fire protection services.
- Manage the State-wide DSL radio communications network.
- Investigate the cause of all fires on direct protection and, for all person-caused fires, bill the person responsible for starting the fire for suppression costs.
- Complete an Individual Fire Report for all direct protection and county assistance fires.
- Maintain statistical records of all reported wild fires.
- Coordinate all interagency fire suppression activities.

#### **BASE FUNDING**

The fire operations of DSL are funded by federal grants, general funds and private landowner assessments. Federal funding is from the USDA, Forest Service and requires a 50% match. Federal funds are received as two grants. The Rural Fire Protection and Control dollars are matched and utilized by DSL. The Rural Community Fire Protection dollars are pass-through funds for local government fire operations. Private landowner assessments are set by

statute (76-13-201, MCA) at not more than 17 cents per acre, with a minimum fee of \$14 per owner per year. Per 76-13-207, MCA, no greater than one-third of the fire appropriation can come from private landowner assessments.

## PERFORMANCE INDICATORS

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
State Direct Fire Protection Acres	4.0 mil.	4.7 mil.	4.7 mil.	4.7 mil.
State Subcontracted Protection Acres	1.8 mil.	1.8 mil.	1.8 mil.	1.8 mil.
State/County Cooperative Protection Acres	44.2 mil.	44.4 mil.	44.4 mil.	44.4 mil.
Fire Responses	400	425	425	425
Procure Federal Excess Property	\$1,100,000	\$1,000,000	\$1,000,000	\$1,000,000
Equipment Inspections	450	460	460	460
Develop Fire Vehicles	20	20	20	20
Fire Assessments Collected	1.17 mil.	1.18 mil.	1.21 mil.	1.22 mil.
Smoke Management Burns Monitored	3,000	4,500	3,000	3,000
Rural Community Fire Protection Contracts	\$61,500	\$62,000	\$62,000	\$62,000
County Wildland Training Courses Conducted	30	29	29	29
Structural Fire (Fire Services Training School) wire fighters Trained	0	0	0	0

	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
State Direct Fire Protection Acres	0	4.7 mil.	.2 mil.	4.9 mil.
State Subcontracted Protection Acres	0	1.8 mil.	0	1.8 mil.
State/County Coop. Protection Acres	0	44.4 mil.	344,975	44.7 mil.
Fire Responses	0	425	5	430
Procure Federal Excess Property	0	\$1,000,000	0	\$1,000,000
Equipment Inspections	20	480	20	480
Develop Fire Vehicles	0	20	0	20
Fire Assessments Collected	\$385,857	\$1,595,857	\$376,254	\$1,596,254
Smoke Management Burns Monitored	0	3,000	0	3,000
Rural Community Fire Protection Contracts	0	\$62,000	0	\$62,000
County Training Courses Conducted	4	33	4	33
Structural Fire (Fire Services Training School)	2,000	2,000	2,000	2,000
Fire fighters Trained				

## INCREASE OR DECREASE FROM BASE

### Fire Assessments

This issue is the result of current State laws which designate funding sources and limits for the protection of forest lands within the State. Under 76-13-201, Section 2 (MCA), if the owner does not provide for the protection and suppression, the department may provide it at a cost to the landowner of not more than 17 cents per acre per year, except that the department shall make a minimum assessment of up to \$14 per owner per year in each protection district as necessary to yield the amount

of money provided for in 76-13-207. Under 76-13-207, Section 1 (MCA), the amount collected from the landowner can be no greater than one-third of the amount specified in the appropriation requested by the department and made by the Legislature. The department appropriation has increased significantly since 76-13-201, Section 2 (MCA) was established. Funding of department fire management programs is cooperatively provided from landowners, State, and federal sources. Based on the findings of a 1958 study by the Battelle Institute, forest fire protection costs have been assigned one-third to landowners and two-thirds to public funding (State and federal). The current costs to the landowner, as set under 76-13-

201 (MCA), is insufficient to meet the one-third appropriation requirement, as set under 76-13-207 (MCA). Federal funding has not increased significantly over the past several years, requiring a greater portion of the department fire management program appropriation be funded by landowner and State sources. A disproportionate share of the total department appropriation is being funded out of the State General Fund. The Joint Sub-Appropriations Committee, during the 1989 Legislative Session, requested that the department present a proposal for an increase in landowner fees during the next legislative session.

The department proposes to change the assessment fee structure by establishing the minimum acreage at 20 acres. The assessment fee ceiling on the minimum acreage will be increased from \$14 to \$30. The per-acre rate ceiling would increase from \$0.17 to \$0.20.

Under the proposed new rate structure, a minimum of between \$21 and \$22 for up to 20 acres with the per acre rate remaining at \$0.17 would be needed to achieve the one-third (\$1,590,000) of the fire protection budget from private landowners. The table below shows the amount of assessment increase necessary to fund the base program plus each of the fire-related issues included in the forestry budget request.

ASSESSMENTS TABLE

	Assessment FY92	Assessment Increase FY93
Current Level (Fire)	\$229,141	\$218,783
Block 5 and Philipsburg Fire Issue	34,426	35,170
State/County Cooperative Fire Issue	21,673	21,684
Capital Equipment Issue	42,117	42,117
Structural Fire Issue	58,500	58,500
TOTAL	\$385,857	\$376,254

#### State/County Cooperative Fire Protection

The State has entered into cooperative fire protection agreements with 49 counties. This program was initiated in 1967 and was brought to its present level with the addition of 11 counties by the 1985 Legislature and 3 counties by the 1989 Legislature. The Department of State Lands is requesting the Legislature to approve an expanded State/County Cooperative Fire Program that would allow Lake, Lincoln, and Sanders Counties to enter into cooperative fire control agreements with the State. The State is charged with providing fire protection to State and private lands in Montana (76-11-101 MCA). The

Department of State Lands directly protects 4.7 million acres and 44.4 million acres through the 49 counties. The Cooperative Fire Control Agreement specifies the General duties and responsibilities of each agency in fire protection and cooperation. The State provides wildland fire training and equipment to the counties for unprotected areas. The county, State, and federal agencies provide mutual aid on an as-needed basis for suppression. This cooperative effort is even more inevitable in areas of mingled federal, State, and county protection, as found in the remaining seven non-cooperative counties. This relationship is magnified further with Residential/Wildland Interface areas, as the



number of structures destroyed by wildfire escalates annually.

FY92

\$65,000 GF (0.50 FTE)      FY93      \$65,000 GF (1.08 FTE)

Fire Protection Adjustment (Block V and Forest Fire Protection District)

Part 1: Block V

This is the finalization of the U.S. Forest Service fire protection contract reduction as recommended by the last Legislative Interim Study Committee on Forestry and Fire. DSL is charged with providing direct wildland fire protection to 4.9 million acres of State and private forest in Montana. Prior to 1984, approximately 2.2 million acres of this protection were contracted to the U.S. Forest Service. In turn, the State protected 280,000 acres inside Forest Service fire protection districts. This created an imbalance of 1.92 million acres. The Forest Service has since requested full reimbursement of their protection costs for the 2.2 million acres, which would result in a substantial increase in payments to them. Assumption of full protection responsibility for this acreage by DSL is a more cost-effective alternative than paying the Forest Service the full cost of protection.

The Forest Service has agreed to forestall action on recovering their full protection costs provided that the State adheres to a definite timetable to zero out the protection acreage imbalance. DSL has been accomplishing the transfer of protection responsibility in a series of block acquisitions. Block #1 was approved and went into effect July 1, 1984. Block #2 was approved and went into effect July 1, 1986. Block #3 was approved and went into effect July 1, 1988. Block #4 was approved and protection was assumed by the Department of State Lands July 1, 1990. Block #5 will be the final block and recommends that the State reduce the amount of acreage for fire protection currently contracted with the U.S. Forest Service and establish fire protection for approximately 58,000 acres of land using Department of State

Lands forces. The majority of the exchange involves federal lands in the Billon area. This modification provides FTE and fiscal data necessary to establish State forces that can provide adequate wildland fire protection to these additional acres.

Part 2: Phillipsburg Forest Fire Protection District

This issue also addresses the creation of the Phillipsburg Forest Fire Protection District. The Board of Land Commissioners created the Phillipsburg District as provided by M.C.A. 76-13-204 as a result of at least 51% of the landowners, representing at least 51% of the acreage, signing petitions requesting the District. The District will consist of 120,000 acres of classified private and State Forest Land now in the Anaconda Affidavit Protection Unit. Formation of the District increases the State's protection responsibilities. It will reduce the cost per acre of protection, increase efficiency, simplify administration, and provide the highest level of fire protection to the area. All forest land within the area will be protected by the Department of State Lands, and private landowners will pay a maximum of one-third of the cost of protection via fire assessments, per M.C.A. 76-13-207.

This issue provides FTE and fiscal data necessary to establish State forces that can provide adequate wildland fire protection to these additional acres.

FY92

\$ 88,512 GF  
14,767 SSRF  
\$103,279 (2.65 FTE)

FY93

\$ 90,744 GF  
14,767 SSRF  
\$105,511 (3.35 FTE)

Structural Fire (Fire Services Training School)

This issue recommends the consolidation of the Montana Fire Services Training School (FSTS) into the organization of the Department of State Lands, Forestry Division, Fire Management Bureau. This will bring the administration, organization and coordination of both structural and wildland fire training under one organization.



Currently FSTS provides for administration, management and coordination of structural fire training services, including instruction; materials and instructor development; loan library services; mobile labs; and maintaining records of certification for fire fighters of Montana's structural fire services. Pursuant to 20-31-103 (MCA), FSTS provides structural fire service personnel with professional training and works to identify methods of structural fire prevention, suppression, and information dissemination. FSTS provides a resource center of training materials for structural fire fighting needs, provides for testing and certification for personnel and apparatus and coordinates structural fire services training in the State.

The Department of State Lands performs complementary functions for wildland fire training for agency personnel and cooperators as mandated under provisions 76-11-101, 76-13-101(4)(5)(8), 76-13-102 (4)(5)(8) [definitions of forest fire, forest fire protection, and forest land] and 77-5-103(4) (MCA) which states: "The department shall establish and maintain forest fire control training programs for state fire fighters and other persons requiring training."

The encroachment of structures into Montana's wildlands continues to bring both types (structural and wildland) of fire services together, particularly in an area defined as Residential/Wildland Interface. Cooperative efforts between structural and wildland agencies to improve communication and effectiveness are increasing. Many of the same fire fighters are served by both FSTS and DSL, especially under the State/County Cooperative Fire Protection Program. The services are, however, complementary and not duplication.

In 1985, FSTS underwent a performance audit which indicated that the school would function more effectively under the sponsorship of an agency other than the Office of Public Instruction. DSL was included as a possible sponsor for the school. DSL drafted and submitted a proposal for sponsorship of FSTS at that time. This proposal was again updated and submitted in 1988, at which time FSTS was moved under the Board of Regents.

OBPP has now recommended that FSTS be consolidated with DSL.

The integration of FSTS within DSL also provides an opportunity to use an alternative funding source. As part of the DSL's fire program, FSTS would qualify for funding from the assessment charged to landowners for fire protection. This change in funding, coupled with the reduction of one FTE, would amount to an annual General Fund savings of approximately \$100,000.

<u>FY92</u>	<u>FY93</u>
\$120,105 GF	\$ 120,888 GF
58,500 SSRF	58,500 SSRF
29,406 P	29,149 P
<u>\$207,652 (4 FTE)</u>	<u>\$208,537 (4 FTE)</u>

#### Forestry Vehicle Replacement

Over the past several biennia the forestry capital equipment budget has been insufficient to annually replace equipment which is obsolete or beyond economical repair. The 1989 Legislature instructed the department to conduct a study of Forestry vehicles and prepare a replacement schedule for submission during the 1991 session. Based on a survey of other Montana State agencies and Forestry agencies in other states, plus an analysis of the condition of the current 282 vehicle fleet, the department identified seven classes of vehicles and developed a replacement schedule for each based on either age or mileage. This schedule will allow us to plan for the systematic, regular replacement of our vehicles and begin to reduce the average age of our vehicle fleet. To fully implement the schedule we would need an increase of \$360,913 per year (in FY89 dollars) over our base budget for equipment. However, due to revenue shortfall, the executive budget only includes an additional \$180,500 per year for vehicle replacement.

<u>FY92</u>	<u>FY93</u>
95,063 GF	95,063 GF
85,437 SSRF	85,437 SSRF
<u>\$180,500</u>	<u>\$180,500</u>

# FOREST MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	53.61	53.04	53.61	.00	53.61	53.61	.00	53.61
Personal Services	1,527,211.16	1,581,928	1,601,964	3,618	1,605,582	1,601,469	3,616	1,605,085
Operating Expenses	183,080.67	200,942	202,906	48,633	251,539	204,573	46,594	251,167
Equipment	55,445.92	56,250	56,250	0	56,250	56,250	0	56,250
<b>Total Agency Costs</b>	<b>\$1,765,737.75</b>	<b>\$1,839,120</b>	<b>\$1,861,120</b>	<b>\$52,251</b>	<b>\$1,913,371</b>	<b>\$1,862,292</b>	<b>\$50,210</b>	<b>\$1,912,502</b>
General Fund	1,728,044.97	1,790,215	1,795,517	-1,795,517	0	1,796,690	-1,796,690	0
State Special Revenue Fund	14,692.92	0	14,996	1,877,900	1,892,896	14,996	1,877,032	1,892,028
Federal Special Revenue Fund	22,992.86	48,905	50,607	-30,132	20,475	50,606	-30,132	20,474
<b>Total Funding Costs</b>	<b>\$1,765,737.75</b>	<b>\$1,839,120</b>	<b>\$1,861,120</b>	<b>\$52,251</b>	<b>\$1,913,371</b>	<b>\$1,862,292</b>	<b>\$50,210</b>	<b>\$1,912,502</b>

## GOALS

### Forest Product Sales

- Provide income to the school trust through the sale of forest products while meeting all non-timber resource management standards.
- Manage forest stands on State forest land to improve their productivity and health.
- Maintain a forest management program that is responsive to school trust needs and the needs of Montana's citizens.

### Resource Management

- Use available technology to manage State Forest Lands in as economically efficient and environmentally sound manner as possible.
- Develop and maintain standards and guidelines that direct the management of forested State Lands.

- Review, evaluate and monitor activities on forested State Lands to maintain appropriate soil, water, wildlife, cultural and economic values.
- Investigate and apply innovative methods that will improve the management of State Forest Lands.
- Provide expertise and support for administering and evaluating efforts to address cumulative watershed effects on State and private lands.

### State Land Administration

- Provide income to the School trust by authorizing the use of State Forest Lands for appropriate uses other than forest product sales while meeting all non-timber resource standards.
- Acquire necessary access to State Forest Lands consistent with forest management needs.
- Provide appraisal activities as necessary to conduct access acquisition, licensing and leasing and land exchange.

- Conduct land exchange as desirable to improve manageability of State Forest Lands.

#### Forest Inventory

- Develop and maintain a stand level resource inventory program to assist in the operational planning of forest management practices on State Forest Land.
- Acquire and maintain sufficient State-wide inventory information to accomplish desired forest management planning for State and private ownerships.
- Develop and implement systems and processes to disseminate inventory information in an easily understood format.

#### AUTHORIZATION

25 STAT. 679

The Enabling Act of 1889 granted the State certain lands for the support of common schools and other trusts.

Art. I, Mont. Const.

Accepts all provisions of the enabling act of Congress.

Art. IX, Sec. 1, Mont. Const.

Calls for a clean and healthful environment for present and future generations.

Art. X, Sec. 10, Mont. Const.

Provides for the classification of State Lands, acquiring full market value for sale of State Lands and the exchange of State Lands for other lands.

75-1-103 MCA

Montana Environmental Policy Act. Promotes efforts to prevent or eliminate damage to the environment and to attain the widest range of beneficial uses of the environment without degradation or other undesirable and unintended consequences.

77-1-202 MCA

Powers and Duties of the Board. Trust lands are held in trust for the support of education, and the lands shall be held in trust to secure the largest measure of legitimate and reasonable advantage to the State.

77-1-203 MCA

Multiple Use Management. Provides that the various resources of State Lands be managed in a combination that best meets the need of the people and the beneficiaries of the trust.

77-1-204 MCA

Power to Sell, Lease, or Exchange State Lands. Authorizes the sale and exchange of State Lands and leasing of State Lands for other than the purpose for which it was classified.

77-2-101 MCA

Easements for Public Uses. Provides for the granting of easements on State Lands.

77-2-301 MCA

Sale of State Land Under Board Control. Provides for the sale of certain State Lands.

77-5-101 MCA

Classification of Lands as State Forests. Provides for the designation of all lands that are principally valuable for the timber that is on them or for growing timber or for watershed protection as State Forests.

77-5-103 MCA

Role of the department. The department shall do all the field work in the selection, examination, appraisal and reappraisal of State timberlands.

77-5-201 MCA

Sale of Timber. Provides for the department to sell timber crops and other crops of the forests after examination, estimate, appraisal and report.

## BASE PROGRAM

### Forest Product Sales/Resource Management

Because of the closely-related nature of the Forest Product Sales and Resource Management programs they are combined here for the discussion of the base program. These programs provide for the growing, harvesting and selling of forest products from State Lands. Activities and sub-programs within these two programs include field layout of timber sales; the development of the sale prescriptions, MEPA documentation, sale contract, prospectus, and notice of sale; both field and office administration of timber sales; sale billing and accounting; the development of standards and guidelines; forest land planning; and the management of hydrology, soils, economic, wildlife, fisheries and cultural resources.

Current Staff includes approximately 37 resource professionals distributed throughout the State, with most being west of the Continental Divide.

The volume of forest products sold in FY89 was approximately 45,695 MBF with a value of \$6,340,300. Money earned through the sale of products was deposited in the appropriate school trust account.

Other current level accomplishments include revision of an overview of the forest management standards and guidelines; revision of the standard timber sale contract; monitoring and review of current practices for compliance and effectiveness of various soil, water and wildlife recommendations; and training to improve the administration of forest product sale contracts, road design and layout, and to provide orientation to the silvicultural treatment standards and guidelines.

The forest product sales program currently results in the sale of approximately 41 million board feet along with the administration of resulting contracts. Current allocations by land office are:

NWLO - 24 MMBF	NELO - .5 MMBF (when available)
SWLO - 12 MMBF	SLO - .5 MMBF (when available)

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CLO - 5 MMBF ELO - .5 MMBF (when available)

### Specific Program Objectives:

Annually update timber sale plans by February 15.

Annually prepare, sell, administer, and measure 41 million board feet of timber.

Prepare and issue timber sale billings, transfer sale income to proper accounts and monitor payments, escalation and value removed for approximately 45 million board feet of timber.

Develop drafts of fish and wildlife impact mitigation guidelines for one bald eagle nest site.

Provide training in forest management disciplines and fish and wildlife impact mitigation.

Prescribe watershed management practices, water quality impact mitigation measures, and soil management measures for approximately 25 timber sales to be sold.

Produce State-wide water yield standards and guidelines.

Act as clearinghouse for Watershed Cumulative Effects Cooperative.

Conduct audits of the application of Best Management Practices on approximately 40 State and private land activities.

Begin development of an Integrated Resource Information system.

Provide economic analysis and review of approximately six timber sales.

### State Land Administration

This program executes and administers all special uses, easements, land exchanges and access acquisition on State Forest Land. Included are such sub-programs as leasing, appraisals, easements/rights-of-ways and land exchanges.

Current Staff includes approximately 14 resource and realty professionals distributed throughout the State.

In addition to the specific activities listed below, current accomplishments include active exchanges with two large private landowners, two different National Forests and one small landowner with a total of approximately 15,000 acres being considered for exchange. The implementation of the new rules and regulations for cabins/homesite leasing has resulted in the production of new lease procedures for classified forest lands. Specific accomplishments include the following activities:

- Administer 1,050 lease/licenses (including 630 cabin/homesites);

- Inspect 150 - 160 licenses;

- Acquire, through cost-share or temporary or permanent easement, access at 15 to 20 different locations;

- Negotiate and process three land exchanges;

- Process 15 to 20 right-of-way applications;

- Appraise approximately 17 R/W's, 3 land exchanges and 5-7 commercial and miscellaneous licenses.

#### **Specific Program Objectives:**

- Annually administer, inspect and bill 1,050 State Forest Leases and Licenses.

- Annually meet with Thompson River and Big Meadows grazing cooperators, and conduct range inspections.

- Complete negotiations and finalize three land exchanges.

- Identify land exchange opportunities and initiate exchange procedure schedule on one new land exchange.

- Identify R/W needs for timber sale plans and initiate acquisition procedures on approximately 15 R/W's.

- Evaluate and issue approximately 30 requests for temporary access.

- Evaluate eight to ten permanent R/W and easement applications, appraise land and timber value, and prepare recommendations for Land Board approval.

- Receive, transfer and record income from 1,050 special uses and update land records as necessary.

- Complete, update or review 30 land appraisals.

#### **Forest Inventory**

This program conducts inventories and maintains detailed information about the existing and potential status of State Forest Lands. Included are sub-programs and activities such as stand level inventory, growth and yield modeling, maintenance of State resource information, cooperation with the USFS Forest Survey activities, and establishment and maintenance of a Geographic Information System.

Current Staff includes approximately three resource and inventory professionals located in Missoula.

Current accomplishments include two separate, ongoing inventory projects. The primary production activity is the mapping and stand level inventory on 35,000 acres of forested State Lands. In addition, assistance is being provided to the Forest Survey group of the USDA Intermountain Research Station in re-measuring, analyzing and reporting on the State-wide forest inventory.

Other current level projects of this program are:

- Establishing a system for updating the stand level inventory already completed on approximately 230,000 acres of State Forest Lands.

- Distributing and maintaining stand level inventory databases at field offices where stand level inventories have been completed.

Provide training to Field Operations Division for timber sale cruising standards, cruise design, and how to use the INTRY cruise summarization software.

Attend Inland Growth and Yield Co-op meetings and acquire, review and modify growth and yield computer models.

Investigating the utility and developing uses of Geographic Information Systems (GIS) and Integrated Resource Information Systems (IRIS).

#### **Specific Program Objectives:**

Continue stand level inventory project to include an additional 35,000 acres.

Annually update stand level inventory maps and data base on approximately 230,000 acres, and provide updated maps and data by February 1.

Cooperate with the USFS during the remeasurement and reporting of State-wide inventory results on approximately 5.8 million acres of forested State and private lands.

Complete preliminary list of Forest Management training offered for the current and the following fiscal years by July 30 and February 28.

Develop an inventory procedure for identifying and classifying grizzly bear habitat on State Forest Lands.

Develop and implement a GIS on the Swan State Forest.

#### **Base Funding**

The forest product sales, resource management, land administration and forest inventory programs are funded 96% by General Fund, 3% by federal funds, and 1% special revenue funds.

# Performance Indicators

## Forest Product Sales

Volume Sold (board feet)  
Number of sales

FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
45 Million	48 Million	41 Million	41 Million
25	28	21	21

## Resource Management

Timber sales soils reviews  
Timber sales Water reviews  
EA's prepared  
S&G's prepared or updated  
Economic analyses  
Fish & Wildlife Trn. visits  
Miles of State roads  
maintained

25	25	25	25
35	35	35	35
35	35	31	31
2	1	1	1
6	6	6	6
6	6	6	6
0	0	0	0

## Land Administration

Leases & licenses billed  
Renewal inspections  
Active land exchanges  
Access acquired  
Temporary access issued  
Permanent access issued  
Appraisals completed

1,050	1,050	1,050	1,050
110	110	110	110
6	4	4	4
15	15	15	15
30	30	30	30
8	8	8	8
30	30	25	25

## Inventory

Stand Level Inventory acres

35,000	35,000	35,000	35,000
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	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
<u>Forest Product Sales</u>				
Volume Sold (board feet)	0	41 million	0	41 million
Number of sales	0	21	0	21
<u>Resource Management</u>				
Timber sales soils reviews	0	25	0	25
Timber sales water reviews	0	35	0	35
EA's prepared	0	31	0	31
S&G's prepared or updated	0	1	0	1
Economic analyses	0	6	0	6
Fish & Wildlife Trn. visits	0	6	0	6
Miles of State roads maintained	100	100	100	100
<u>Land Administration</u>				
Leases & licenses billed	0	1,050	0	1,050
Renewal inspections	0	110	0	110
Active land exchanges	0	4	0	4
Access acquired	0	15	0	15
Temporary access issued	0	30	0	30
Permanent access issued	0	8	0	8
Appraisals completed	0	25	0	25
<u>Inventory</u>				
Stand Level Inventory acres	0	35,000	0	35,000

## INCREASE OR DECREASE FROM BASE

### Forestry Road Maintenance

As a result of timber sale activity over a number of years, DSL has constructed hundreds of miles of roads on State-owned forest lands. The majority of these roads are intended to function as a permanent transportation system for the purpose of hauling forest products, which will result in lower development costs, higher stumpage values, and greater returns on future timber sales. Periodic maintenance must be done on these roads, in order to protect their investment value and prevent adverse environmental impacts. Roads must be maintained in order to follow Best Management Practices, and thus ensure compliance with water quality laws. Additionally, in some cases, road maintenance by DSL is required by access agreements with adjacent landowners.

Currently, there is no funding source or budget for road maintenance. As a result, DSL's ability to conduct needed maintenance is compromised. Therefore, it is proposed that an earmarked revenue account be set up for this purpose. This account would be funded from fees charged to timber sale purchasers, similar to the current brush disposal and timber stand improvement fees. Setting up this account would require a change in State law (77-5-204, MCA 1989), to allow the Board of Land Commissioners to set road maintenance fees in addition to the existing brush disposal and timber stand improvement fees. The Board of Land Commissioners would have to set the fees, based on the department estimated road maintenance needs, before they could be collected. Authorization from the Legislature would be required in order to spend the funds collected. A road maintenance charge of \$1.00 per thousand board feet on timber sales would generate approximately \$40,000 to \$50,000 per year at current harvest levels. It is estimated that this amount would be sufficient to conduct the needed road maintenance at this time.

FY92

\$45,000 SSRF

FY93

\$45,000 SSRF

### Watershed Management Funding Shift

In recent years, the Forestry Division has placed increased emphasis on watershed management on State-owned and other forest lands in Montana. The Forestry Division has been responsible for the development and growth of the Cumulative Watershed Effects Cooperative and was assigned the lead agency role in dealing with the forestry nonpoint source pollution issue through the Environmental Quality Council's HJR-49 Forestry and Watershed Effects Study. In State forest land management, increased water quality and watershed management support is necessary to satisfy the needs of various local and regional organizations such as the Flathead Basin Commission and the Whitefish County Water and Sewer District. Increased level of support is also required due to the expanded State Lands timber harvest program and increased public demands that forestry activities do not compromise pristine forest water quality.

During the FY90-91 biennium, the Legislature approved resources consistent with the increased workload. Those resources included a forest hydrologist (1.0 FTE) and a field technician (1.0 FTE). The addition of these positions has allowed Forestry Division to maintain the level of review, evaluation and monitoring of forestry activities on State land and assume the additional ongoing responsibilities associated with a lead agency role in forestry nonpoint source pollution control. Water quality responsibilities continue to grow in both the State Land management aspect and the lead agency role for forestry nonpoint source pollution control. It is therefore proposed to continue this program by continuing the two FTE previously approved by the 1989 Legislature. A funding change is requested to continue this ongoing program. Federal funding for the entire program will not be available. General Fund is requested to cover a portion of the program. Outside funding will be pursued to cover the remainder.

FY92

- 0 -

FY93

- 0 -

## BRUSH DISPOSAL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	8.87	8.87	8.87	.00	8.87	.00	8.87
Personal Services	147,371.71	207,031	216,374	462	216,414	469	216,883
Operating Expenses	289,186.21	558,200	558,583	-214,487	558,954	-216,217	342,737
Equipment	6,978.34	14,680	14,680	-612	14,680	700	15,380
Total Agency Costs	<u>\$443,536.26</u>	<u>\$779,911</u>	<u>\$789,637</u>	<u>\$-214,637</u>	<u>\$790,048</u>	<u>\$-215,048</u>	<u>\$575,000</u>
State Special Revenue Fund	443,536.26	779,911	789,637	-214,637	790,048	-215,048	575,000
Total Funding Costs	<u>\$443,536.26</u>	<u>\$779,911</u>	<u>\$789,637</u>	<u>\$-214,637</u>	<u>\$790,048</u>	<u>\$-215,048</u>	<u>\$575,000</u>

## Goals

- Provide for management of the hazard created by treatment of State Forest Lands to the extent necessary to:

Comply with all State laws.

Provide for reasonable protection of residual forest stands.

Protect the property of other surrounding landowners.

## AUTHORIZATION

76-13-408 MCA

Fire Hazard Reduction Agreement and Bond. Requires the reduction of fire hazard on private forest land within 18 months of creation.

77-5-204 MCA

Sale of Timber-Fees for Brush Disposal and Timber Stand Improvement. Persons cutting timber on State Lands to dispose of slashing in a manner as may be required. The Board is authorized to set fees for brush disposal on State Lands.

**BASE PROGRAM**

The base program provides for hazard reduction and associated site preparation work on State-owned lands. This includes mechanical site preparation accomplished during brush disposal operations. Included in this program are activities such as piling, scarification and burning of timber slash.

Current staffing includes approximately 9 FTE of resources professionals and field crews scattered throughout the State, with most being west of the continental divide.

Current production in this program is approximately 5,500 acres treated per year. Approximately 4,500 acres are treated mechanically, 500 acres by using fire and 500 acres by hand. Treatment is sufficient to reduce the fire hazard created by the harvest of approximately 45 million board feet annually from State Forest Lands.

### Specific Program Objectives

Complete hazard reduction on State forest management activities as required by State standards.

## BASE FUNDING

The brush disposal program is funded entirely from a State special revenue account derived from fees collected from State forest timber sale activities as provided for in 77-5-204 MCA.

### Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Acres piled & burned				
Acres broadcast burned	4,500	4,500	4,500	4,500
Acres hand treated	500	500	500	500
	500	500	500	500
	FY92 <u>Increases/ Decreases</u>	FY92 <u>Recommended</u>	FY93 <u>Increases/ Decreases</u>	FY93 <u>Recommended</u>
Acres piled & burned	0	4,500	0	4,500
Acres broadcast burned	0	500	0	500
Acres hand treated	0	500	0	500

### Increase or Decrease from Base

The executive budget reduces this program \$214,637 in FY92 and \$215,048 in FY93 from the base. The reductions are recommended to bring the program appropriation in line with available revenues.

FY 92	FY 93
(\$214,637) SSRF	(\$215,048) SSRF

# TIMBER STAND IMPROVEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	12.73	12.73	12.73	.00	12.73	12.73	.00	12.73
Personal Services	310,157.19	307,652	308,457	672	309,129	308,599	666	309,265
Operating Expenses	243,294.96	401,330	401,644	-85,073	316,571	401,933	-84,186	317,747
Equipment	34,021.58	11,800	11,800	612	12,412	11,800	-700	11,100
<b>Total Agency Costs</b>	<b>\$587,473.73</b>	<b>\$720,782</b>	<b>\$721,901</b>	<b>\$-83,789</b>	<b>\$638,112</b>	<b>\$722,332</b>	<b>\$-84,220</b>	<b>\$638,112</b>
State Special Revenue Fund	578,828.66	720,782	721,901	-91,901	630,000	722,332	-92,332	630,000
Federal Special Revenue Fund	8,645.07	0	0	8,112	8,112	0	8,112	8,112
<b>Total Funding Costs</b>	<b>\$587,473.73</b>	<b>\$720,782</b>	<b>\$721,901</b>	<b>\$-83,789</b>	<b>\$638,112</b>	<b>\$722,332</b>	<b>\$-84,220</b>	<b>\$638,112</b>

## GOALS

- It is the goal of the Timber Stand Improvement Program to implement forest practices that provide for forest stands to attain maximum reasonable growth and productivity.

## AUTHORIZATION

77-1-202 MCA  
Powers and Duties of the Board. Trust lands are held in trust for the support of education and the lands shall be held in trust to secure the largest measure of legitimate and reasonable advantage to the State.

77-5-204 MCA  
Sale of Timber-Fees for Brush Disposal and Timber Stand Improvement. The board is authorized to set fees for timber stand improvement on State lands.

77-1-601 MCA  
It is in the best interests of the State to seek the highest development of State owned lands and thereby derive greater revenue for the support of the trusts.

## BASE PROGRAM

### Specific Program Objectives

Thin approximately 400 acres of State-owned timber land to improve composition and growth.

The Timber Stand Improvement program improves the composition, constitution, condition and growth of State-owned timber. Included are activities and sub-programs such as reforestation, site preparation, genetic tree improvement, planting, seedling, thinning, seed collection, seedling production and distribution of nursery stock for use on State Forest Lands.

Current staffing includes approximately 11.5 FTE of resource professionals and field crews scattered throughout the State with most being west of the Continental Divide.

Current annual activities include thinning, slashing and planting tree seedlings. Other activities include coordinating the production of 294,000 containerized, and 154,000 bare root seedlings annually, tree seed collection and processing, and maintaining a tree improvement program for ponderosa pine, western larch and Douglas-fir.

Collect or purchase approximately 350 bushels of seed needed for the reforestation of State Lands.

Plant approximately 500,000 seedlings per year following harvest on State Forest Lands.

Purchase approximately 350 bushels of cones to provide seeds for reforesting State Forest Lands.

Using established selection criteria 40 stands of ponderosa pine trees as called for in the improvement plan.

Maintain and collect seed from Ponderosa Pine Seed Orchard for seed bank, State lands and forest landowners.

Establish a greenhouse-based seed orchard of approximately 1,800 superior western larch progeny to produce seed to be used on State Forest Lands.

### BASE FUNDING

The Timber Stand Improvement Program is funded entirely from a State special revenue account derived from fees collected from State Forest Timber sale activities as provided for in 77-5-204 MCA.

### PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Acres thinned	400	400	400	400
Bushels of cones purchased	300	300	300	300
Seedlings planted	500,000	500,000	500,000	500,000
Acres planted	1,000	1,000	1,000	1,000
	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
Acres thinned	0	400	0	400
Bushels of cones purchased	0	300	0	300
Seedlings planted	0	500,000	0	500,000
Acres planted	0	1,000	0	1,000

### **Increase or Decrease from Base**

The executive budget reduces this program \$83,789 in FY92 and \$84,220 in FY93 from the base. The reductions are recommended to bring the program appropriations in line with available revenues.

FY 92	FY93
(\$83,789) SSRF	(\$84,220) SSRF

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FORESTRY



## NURSERY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	9.73	9.73	9.73	.00	9.73	9.73	.00	9.73
Personal Services	186,717.66	225,396	216,942	469	217,411	216,924	470	217,394
Operating Expenses	96,840.19	102,993	95,240	529	95,769	95,242	317	95,559
Equipment	19,846.92	30,700	24,700	0	24,700	24,700	0	24,700
Total Agency Costs	\$303,404.77	\$359,089	\$336,882	\$998	\$337,880	\$336,866	\$787	\$337,653
General Fund	126,807.57	150,329	136,785	956	137,741	136,768	701	137,469
State Special Revenue Fund	176,597.20	200,000	200,097	42	200,139	200,098	86	200,184
Federal Special Revenue Fund	0.00	8,760	0	0	0	0	0	0
Total Funding Costs	\$303,404.77	\$359,089	\$336,882	\$998	\$337,880	\$336,866	\$787	\$337,653

## GOALS

- **Conservation Seedlings**--To grow high quality tree and shrub seedlings (both bareroot and containerized) for conservation plantings and for reforestation on State and private forest lands in Montana.
- **MITOSIS** -The goal of the Montana Inter-agency Tree or Shrub Improvement Study is to provide planting stock of proven quality through selection of superior parent material, performance testing and seedling production of those species or sources.

## AUTHORIZATION

Section 76-13-104 MCA

**Functions of the department.** The department may give technical and practical advice concerning forest, range, water and soil conservation and the establishment and maintenance of woodlots, windbreaks, shelterbelts and forest protection.

Section 77-5-204 MCA

Sale of Timber--Fees for Brush Disposal and Timber Stand Improvement. Subsection (4) provides for collection of fees for timber stand improvement on State lands.

A portion of these funds are used to support the State Forest Tree Seedling Nursery for the production of seedlings for planting on State Forest Lands.

## BASE PROGRAM

The State Forest Tree Seedling Nursery provides low cost seedling trees and shrubs for conservation plantings in Montana. Seedling production for and distribution of conservation seedlings to landowners and cooperating agencies is done at nominal cost to encourage conservation plantings which include:

1. Reforestation
2. Windbreaks
3. Shelterbelts
4. Living Snow Fences
5. Wildlife Habitat Improvement
6. Soil Erosion Prevention and Streambank Stabilization
7. Mined Land Reclamation
8. Energy Conservation
9. Christmas Tree Production
- 10.

The nursery operates on approximately 160 acres of land just west of Missoula. The land is divided up by several functions carried out by the nursery including bareroot

production of both conifer and hardwood seedlings, seed orchards for many of the species produced by the nursery, two greenhouses for the production of containerized conifer seedlings, and all the production facilities required to produce, harvest, grade, cooler- or freezer-store seedlings, package, and ship the finished seedlings. Approximately 1.6 million seedlings are sold and shipped to users each year.

The nursery provides seedlings for reforestation on State Forest Lands and cooperates with other State and federal agencies in the testing of new or improved sources of plant materials. A full range of nursery activities are carried out at the nursery from seed or cone collection, seed processing and freezer storage to packaging and refrigerated shipping of the finished product.

The nursery strives to produce seedlings and shrubs at nominal costs to encourage conservation plantings across Montana for all the above listed purposes. Reforestation seedlings for State Lands projects are also produced at minimal costs to save Timber Stand Improvement funds but also to provide for easy administration of reforestation projects and flexibility to accomplish unexpected planting projects on short notice. This is especially true for containerized seedlings that require much less lead time to start and to grow in greenhouses.

The nursery personnel also support other Forestry Division functions such as tree improvement for forest tree species, repair and maintenance of the Division complex, herbicide testing, technical assistance to other nurseries, and as a resource during fire suppression activities.

#### Nursery--Bareroot Hardwood Production

This function, using 2.05 permanent FTE and 4.98 seasonal FTE, provides bareroot hardwood seedlings for conservation plantings in Montana. Seedlings are also produced for the Fish, Wildlife and Parks Department CRP and Upland Game Bird Habitat Programs.

The major specific objective of this program is to produce 880,000 (+/- 10%) bareroot hardwood seedlings for conservation plantings.

#### Nursery--Bareroot Conifer Production

This program produces bareroot conifer seedlings for plantings on State Forest land and for conservation plantings using .08 permanent and 1.60 seasonal FTE's.

Specific objectives are to:

- Produce 155,000 bareroot conifers for State Lands plantings.
- Produce 88,000 bareroot conifers for conservation plantings.

#### Nursery--Containerized Conifer Production

This program produces containerized, greenhouse grown, conifer seedlings are produced for State Lands plantings and for conservation plantings on private lands using .59 permanent and 1.27 seasonal FTE.

Specific objectives are to produce 300,000 seedlings for reforestation on State Forest lands and to produce 30,000 seedlings for conservation plantings on private lands in Montana.

#### Nursery--MITOSIS (Montana Interagency Tree of Shrub Improvement Study

The MITOSIS project is working with several different tree and shrub species to identify parent plant materials that are hardy to Montana's harsh environment. Species being evaluated include green ash, ponderosa pine, Douglas fir, Rocky Mountain juniper, blue spruce, hackberry, linden, and other species. The project also works in cooperation with the Great Plains Agricultural Council Forestry Committee in genetic tree improvement work in ponderosa pine, Rocky Mountain Juniper, Green Ash, burr oak and hackberry. This work is done with .33 permanent and .35 seasonal FTE's.

Specific objectives for the MITOSIS are:

- Introduce at least one superior tree or shrub each biennium.
- Complete a comprehensive tree improvement plan for conservation planting materials.
- Identify, select and collect seed and cuttings from superior sources and carry out performance evaluations.

### Base Funding

Funding for the tree nursery comes from three sources.

### Performance Indicators

#### Seedlings Produced

Bareroot Hardwoods  
Bareroot Conifers (TSI)  
Bareroot Cons. Conf.  
Containerized (TSI)  
Containerized (Conserv.)

No. of Tree Orders

No. of MITOSIS Species

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
	1,076,000	1,076,000	1,150,000	1,150,000
	155,000	155,000	200,000	200,000
	88,000	88,000	100,000	100,000
	300,000	300,000	300,000	300,000
	80,000	80,000	85,000	85,000
	1,400	1,450	1,500	1,500
	12	12	10	10

FY92  
Increases/  
Decreases

FY92  
Recommended

FY93  
Increases/  
Decreases

FY93  
Recommended

Bareroot Hardwoods  
Bareroot Conifers (TSI)  
Bareroot Cons. Conf.  
Containerized (TSI)  
Containerized (Conserv.)

No. of Tree Orders

No. of MITOSIS Species

	0	1,150,000	0	1,150,000
	0	200,000	0	200,000
	0	100,000	0	100,000
	0	300,000	0	300,000
	0	85,000	0	85,000
	0	1,500	0	1,500
	0	10	0	10

Tree and shrub sales to private landowners and to State Agencies, such as the Fish, Wildlife and Parks Department, fund a major portion of the nursery budget. General Funds are used to support seedling production for conservation plantings and to carry out the tree and shrub improvement work done by the nursery. Fees from the sale of timber from State Forest Lands provide the funding for the production of seedlings for reforestation of State Forest Lands.

# SLASH

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Percent Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	10.09	10.08	10.09	.00	+0.09	10.09	.00	10.09
Personal Services	209,265.58	283,963	265,778	589	266,367	265,684	266	266,275
Operating Expenses	19,716.99	11,309	11,851	503	12,354	12,093	225	12,318
Equipment	20,305.74	0	0	0	0	0	0	0
Total Agency Costs	\$249,288.31	\$295,272	\$277,629	\$1,092	\$278,721	\$277,777	\$116	\$278,593
General Fund	79,466.77	119,124	105,389	0	106,700	105,680	0	105,680
State Special Revenue Fund	169,821.54	176,148	172,240	1,092	173,332	172,097	215	172,913
Total Funding Costs	\$249,288.31	\$295,272	\$277,629	\$1,092	\$278,721	\$277,777	\$316	\$278,593

## GOALS

its responsibility for putting into bonfire the agreements (imposed) with the private party in charge of the cutting.

Timber Slash Program:

- Achieve a high level of operating efficiency.
  - Provide timely, effective service.
  - Achieve 99% log-purchaser compliance with fee withholding and transmitting requirements.
  - Provide resources sufficient to service demand.
- HRA Subprogram Compliance:** All non-enforceable activities associated with individual IRAs and related of-way, including:
- Receiving mandatory notification of interest from private persons.
  - Pre-operations consultations with landowners and operators

## Authorization

76-13-401 through 414 MCA

The "slash law" provides for the abatement of fire hazards caused by natural residues of logging, road construction, or other cuttings on private forest lands by directing the department to oversee slash treatment operations and to certify that abatement of hazards has occurred.

## Base Program

Timber Slash Program

The timber slash program implements State laws pertaining to control of timber slash and debris. DSL carries out

MHRA Subprogram - Comprise all non-enforcement activities associated with master hazard reduction agreements (MHRAs), including:

- Writing MHRA attachments.
- Inspections.

- Certifications of compliance and record updates.
- Billing private party for administration and inspection services.
- Takeover or assignment of units not in compliance.
- Monitoring and adjusting performance bond.
- Accounting for administrative fees and penalties.

#### Enforcement Subprogram-Comprises these activities:

- Investigating cutting without HRA.
- Noncompliance notices to log purchasers.
- Inspecting and auditing log-purchaser records.
- Initiating law enforcement.
- Initiating legal proceedings.

Recent analyses by the forestry staff indicate that the costs of fire prevention, mobilization and suppression are each favorably affected by the slash program, and that these savings justify the costs of obtaining compliance. Undoubtedly, the slash program has also helped prevent catastrophic fires and related damages, but this is impossible to prove or value.

The current emphasis in the program is to service the annual HRA caseload, which has increased by about 45% during the previous and current biennium. This trend reflects an unprecedented level of new logging starts on non-industrial private forest land. The department attributes this to current high demand and high prices for private logs, which in turn is related to a declining timber supply from the national forests.

FY91 objectives include:

- Increase the level of up-front service in order to better convey slash standards and limit post-harvest inspection time.
- Improve reminder system for timely compliance with HRA terms.
- Increase time spent in enforcement work to guarantee fairness toward all parties affected by the slash law.

- Make rules for slash standards, bonding, master agreements, rights-of-way.
- Update standards and guidelines for inspections, takeovers, audits, HRA extensions other program operations.

#### **Base Funding**

The slash program is funded by State special revenues from fees charged to service the agreements, and by State General Fund. General Fund support is potentially offset by the State investment earnings from HRA contractors' cash performance bonds held on account for the life of each HRA.

Holders of master agreements (MHRAs) are charged for 100% of the department costs to service and administer their agreements, as provided by State law.

When the State takes over a slash project due to failure on the part of the contractor to carry out the work required in the HRA, the cost of the work plus 20% is retained from the contractor's cash performance bond.

If the cost of the project plus 20% exceeds the amount of the bond on account, the contractor is billed for the balance due.

In summary, the slash program is essentially supported by its clientele.

State special revenue from HRA fees, MHRA billings and project take-overs is held in Account No. 02073.

# Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
New HRAs	1,050	930	930	930
HRA inspections	645	698	698	698
MHRA inspection units	1,328	1,200	1,200	1,200
Slash project takeovers	86	81	81	81
	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
New HRA's	0	930	0	930
HRA inspections	0	698	0	698
MHRA inspection units	0	1200	0	1200
Slash Project Takeovers	0	81	0	81

## OTHER SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	21.19	21.61	22.11	1.00	23.11	22.11	1.00	23.11
Personal Services	670,738.68	755,024	729,984	25,778	755,762	729,744	25,725	755,469
Operating Expenses	627,706.52	637,959	629,716	-3,196	626,520	628,110	-3,933	624,177
Equipment	86,778.11	50,320	56,320	0	56,320	56,320	0	56,320
Total Agency Costs	\$1,385,223.31	\$1,443,303	\$1,416,020	\$22,582	\$1,438,602	\$1,414,174	\$21,792	\$1,435,966
General Fund	1,250,094.86	1,262,650	1,300,209	-278,179	1,022,030	1,298,267	-278,719	1,019,548
State Special Revenue Fund	0.00	0	0	282,437	282,437	0	282,018	282,018
Federal Special Revenue Fund	135,128.45	180,653	115,811	18,324	134,135	115,907	18,493	134,400
Total Funding Costs	\$1,385,223.31	\$1,443,303	\$1,416,020	\$22,582	\$1,438,602	\$1,414,174	\$21,792	\$1,435,966

### GOALS

#### Forestry Assistance Program:

##### Private Forest Assistance Subprogram:

- Stimulate demand for forestry services through education and marketing.
- Provide services that are attractive and useful to the full range of non-industrial private forest owners.
- Eliminate the predominant timber-production image of the program.
- Increase the level of pre-sale assists to 50%.

##### Resource Conservation and Development Subprogram:

- Provide forestry-related services to all RC&Ds who request such service.
- Provide the quantity and quality of service necessary to accomplish the forestry objectives of each RC&D area served.

#### Community Forestry Subprogram:

- Achieve a high level of awareness of the urban forest resource

##### Forest Practices Program:

- Achieve success with voluntary BMPs.
- Increase the public's level of knowledge concerning forest management.
- Influence Montana land management agencies and companies to innovate to satisfy the public's expectations for forest amenities.
- Provide strong leadership for forest practices issues.

##### Forest Products Program:

- Provide services that fit the needs Montana's forest products industry.



#### Forest Pest Management Program:

- Increase public awareness of forest pests.
- Improve the information network for FPM services.

#### Institutional Forestry Work Program (IFW)

- Evaluate and improve the work and social skills of residents, so that they are better prepared for life success upon parole or release to the community.
- Develop the residents' work potential, habits and skills by training them in forestry (including fire suppression) and carpentry.
- Enhance the management of the Swan River State Forest and support the State's fire protection activities.

#### Missoula Buildings and Grounds Program

- Efficiently manage the Forestry Division complex in Missoula and protect the State's investment in real estate from vandalism, theft and deterioration.

### **AUTHORIZATION**

#### Service Forestry Programs

76-13-104 MCA.

Authorizes the department to give technical and practical advice concerning forests and related resources in order to develop, protect and conserve those resources, and to cooperate with other agencies in such work.

76-13-104 and 135 MCA

Voluntary best management practices.  
Requires that landowners and operators notify the department prior to conducting forest practices on private land, and that the department provide information to help them prevent forestry-related impacts on Montana's water quality.

76-13-301 through 305 MCA

The department is mandated to protect and preserve forest resources and their associated values by managing and controlling forest insects and diseases, and to cooperate with other agencies in such work.

P.L. 95-313.

The Cooperative Forestry Assistance Act of 1978 authorizes federal financial support to State foresters who cooperate with the federal government in programs which seek to protect, manage and utilize the non-federal forest resources of the United States.

#### Institutional Forestry Work Program (IFW)

53-30-205 MCA

Youth forest camps and work programs. The Department of State Lands shall provide a work program for youth forest camps in cooperation with the Department of Institutions.

### **BASE PROGRAM**

#### Forestry Assistance Program:

The forestry assistance program provides a range of technical services to private persons, communities and economic development organizations. Through conveyance of forestry knowledge and information, this program helps Montanans do forestry work that results in good land stewardship, a healthful environment, personal profit and general economic development.

FUNDING: The forestry assistance program is funded by State General Fund and federal financial assistance.

FTE: 5.98 permanent

#### Private Forestry Assistance (PFA) Subprogram:

Comprises all activities performed in response to service requests from private owners of non-industrial forest land, including:

- Forest management plans.
- Timber sale assistance.
- Reforestation assistance.

- Timber stand improvement assistance.
- Non-timber resource assistance.
- Pest management assistance.
- Eligibility and approval for federal cost-sharing programs.

There are over 3 million acres of non-industrial private forest (NIPF) land in Montana, which is about 24% of the total commercial forest land. There are more than 11,000 individuals who own forested parcels larger than 15 acres. NIPF lands typically contribute 10-15% of the State-wide harvest, which has been averaging 1.1 billion board feet (all ownerships) for the last ten years. From the level of activity in the HRA subprogram, it is apparent that the predicted increase in demand for NIPF timber is resulting in increased logging activity on these lands. The department goal is to increase the percentage of pre-harvest assists above the typical, somewhat disappointing 10% level, in order to provide to landowners the demonstrated benefits of such service:

- Better price per unit of volume sold.
- A more productive residual stand.
- A higher-value residual stand.
- Higher probability of correctly applying forestry best management practices (BMPs).

In FY90, the State Forester convened an inter-organizational task force whose participants chartered the Montana Forest Stewardship Cooperative. This Cooperative will provide an integrated educational and technical assistance program to NIPF landowners. The program will service the full range of landowner objectives, including wildlife, water quality, aesthetics, livestock and timber production. A five-year goal of the Montana Forest Stewardship Cooperative is to affect 350,000 acres of NIPF land, by helping 1,100 individual landowners develop stewardship management plans for their properties. Private landowners, industry representatives and government agencies make up the cooperative's steering committee. In FY90, the Cooperative secured \$52,071 in federal assistance to develop Montana's

Stewardship Plan, hire a director and do program development work. The Cooperative will seek additional financial assistance in each of the next four years, which is expected to be available through the U.S. Forest Service's cooperative programs. These funds will be qualified by the matching budgets of the cooperators.

FY91 objectives include:

- Service all landowner requests for timber sale assistance.
- Revise operating standards and guidelines for timber sale assistance.
- Implement the Stewardship program in cooperation with other agencies and organizations, according to the Montana Stewardship Plan and steering committee decisions.
- Provide service to the Stewardship technical committee to develop and refine land stewardship guidelines for selected resources.
- Service all landowner requests for Stewardship management plans.

#### Resource Conservation and Development (RC&D)

##### Subprogram--Comprises these activities:

- Providing forestry personnel to support authorized RC&D Areas per agreement with U.S. Forest Service.
- Developing a forestry plan of work for each RC&D Area by agreement with RC&D councils, U.S. Forest Service and U.S. Soil Conservation Service.
- Implementing agreed-upon forestry plans of work.

RC&D Areas are organizations established by the authority of the Secretary of Agriculture, through the SCS, under P.L. 97-98, 16 U.S.C. 3451-3461. The purpose of RC&D is economic development through accelerated management of natural resources. The department current program emphasis is to work with each RC&D forestry committee to develop feasible work plans that satisfy their objectives. The Headwaters and Bitterroot RC&D Areas are each changing their

emphasis, away from forest landowner assistance toward educational programs and forest products-related projects targeted at local economic development.

FY91 objectives include:

- Develop RC&D work plans that are reconciled with available federal funds and the federal/State matching requirements.
- Provide forestry services to the RC&D Areas as outlined in the FY91 Work Plans.

Community Forestry Subprogram: Comprises all activities performed in response to service requests from city governments, community development organizations and urban residents, including:

- Awarding federal pass-through funds for community forestry projects.
- Technical assistance for tree inventories and community forestry plans.
- Information and assistance for certification as a Tree City USA.
- Arbor Day activities.
- Pest management assistance.

Community forestry issues are currently in the spotlight, both in Montana and nationally. A nationwide urban-forest inventory in 1989 showed that urban forests generally are in need of much maintenance and replacement work if the considerable benefits they provide are to be protected and enhanced for future generations. Also in 1989, a grass-roots movement in Montana formed the Montana Centennial Tree Program, whose purpose is to promote and facilitate urban forestry work in Montana. And this year President Bush asked Congress to fund his new program called America the Beautiful (ATB), which sets a goal of planting 1 billion trees per year. Among other features, ATB includes a \$65 million urban forestry package, which would establish a foundation to foster local volunteer efforts and increase technical assistance through the states to communities and volunteer organizations. In

addition, organizations such as Global Releaf and Project Learning tree are currently involved in urban tree planting efforts in Montana, and are seeking technical support from the department.

FY91 objectives include:

- Service all requests from communities for urban forestry planning.
- Define an educational strategy for community forestry through participation on the steering committee of the Montana Centennial Tree Program.
- Survey Montana communities for the types and amounts of services needed.
- Apply for federal assistance under America The Beautiful or other U.S. Forest Service cooperative programs to help service the expressed needs of Montana communities.

#### Forest Practices Program:

The forest practices program provides information to private persons and corporations for forestry Best Management Practices (BMPs) to protect water quality, in cooperation with other public and private organizations.

FUNDING: The forest practices program is funded by State General Fund.

FTE: 2.03 permanent

Activities include:

- Receiving mandatory notification of intent to conduct forest practices from private persons.
- Reviewing periodic operating plans.
- Providing receipts of notification, BMP information, and other water quality information.
- Field consultations with landowners and operators.
- Monitoring, summarizing and reporting the application of BMPs.
- Reporting water quality violations to Department of Health and Environmental Sciences.

- Interagency coordination of forest practices information projects.

The current emphasis in the program is to service the caseload of forest practices notifications, which is running 15-20% higher than the level used to justify the FY90-91 appropriation. This caseload reflects the high current rate of new logging starts on non-industrial private forest land. The department attributes this to current high demand and high prices for private logs, which in turn are related to a declining timber supply from the national forests.

In addition, the high-profile nature of the forest practices issue compels DSL to provide leadership in the separate area of BMP education. This educational role was conferred upon the department through the Environmental Quality Council's recommendations in its 1988 report on Forest Practices and Watershed Effects (HJR49). However, neither the authorizing legislation (HB678, 1989) nor the appropriation (HB100, 1989) specifically provided for an education program. Therefore, the department is effecting BMP education by cooperating with MSU Cooperative Extension Service and the forest products industry, which are helping DSL develop educational materials such as brochures, booklets and videos to support our operations. In addition, we are making BMP presentations at a limited number of industry-sponsored workshops for loggers. To support these educational activities, the department has arranged for \$23,250 in federal assistance in FY90 under Section 319 of the Clean Water Act, through the Environmental Protection Agency and the Montana Department of Health and Environmental Sciences (DHEs).

FY91 objectives include:

- Provide BMP information in response to all forest practices notifications.
- Refine operating standards and guidelines for BMP information services.
- Make field consultations at selected locations, as FTE and budget appropriations allow.

- Monitor the application and effectiveness of BMPs on a sample of completed harvest areas, as FTE and budget appropriations allow.
- Participate in BMP education projects in cooperation with other organizations, as FTE and budget appropriations allow.
- Seek federal assistance under Section 319 to continue developing BMP educational materials, in cooperation with MSU Extension Service, the forest products industry and DHEs.

#### Forest Products Program:

The forest products program provides technology transfer and other services to Montana loggers, sawmills and secondary processors for the purpose of enhancing wood utilization, operating efficiency and marketing of forest products manufactured in Montana.

FUNDING: The forest products program is funded by State General Fund.

FTE: 1.0 permanent

Utilization Subprogram: Comprises all activities performed in response to requests for technology transfer, including:

- Mill efficiency studies using computer software.
- Fall and buck studies using computer software.
- Production rate and cost studies using computer software.
- General harvest analyses using computer software.

Marketing Subprogram: Comprises these activities:

- Promoting the Montana forest products industry in cooperation with other organizations.
- Publishing a directory of Montana loggers, wood processors and forest products brokers.
- Publishing a quarterly marketing bulletin.
- Servicing individual requests for marketing information. The importance of the forest

products industry to Montana's economy and the current timber-supply crisis are factors that underscore the need for the industry to utilize logs efficiently, add value to their products and locate markets.

**FY91 objectives include:**

- Service all requests for technology transfer in forest products processing.
- Provide directories or other information on request to sellers of forest products to identify potential markets.
- Publish the Montana Forest Products Marketing Bulletin quarterly.

**Forest Pest Management Program:**

The forest pest management (FPM) program provides pest surveys, training, and technical services for the management and control of damaging insects and diseases on Montana's State and private forests. The program operates in conjunction with the U.S. Forest Service's Region 1 FPM program.

**FUNDING:** The FPM program is funded by State General Fund and federal financial assistance.

**FTE:** 1.0 permanent

**Cooperative FPM Subprogram:** Comprises all FPM activities performed in cooperation with other agencies, or in response to service requests from outside the department, including:

- Training natural resource agency personnel in forest pest identification and management.
- Providing public information on pest outbreaks.
- Conducting detection surveys on State and private lands.
- Publishing FPM condition reports.
- Identifying pest samples submitted by service foresters and private citizens.
- Coordinating pest suppression projects.

- Establishing and maintaining quarantines with other agencies.

**State Lands FPM Subprogram:** Comprises all FPM activities performed in direct support of the department forest land management function, including:

- Providing FPM input to long-term timber sale planning process.
- On-site evaluations of individual projects.

The forest pest management program is a vital component of both the Service Forestry and Forest Land Management functions of the department. The success of several subprograms in each function depends upon continued, reliable service from FPM. Private Forestry Assistance, Resource Conservation and Development, Community Forestry, Sale Preparation and Timber Stand Improvement are the forestry subprograms most dependent on FPM services. Therefore, the current emphasis of the program is to maintain the quantity and quality of services provided in recent years. A special issue of current importance is the gypsy moth, an introduced pest which may become a problem in Montana in the next few years. Gypsy moth has caused widespread urban-area defoliation in the northeastern U.S., which has resulted in costly control efforts and quarantines. In 1989, outbreaks in Sandpoint and Coeur d'Alene, Idaho were successfully eradicated through a well organized spray program. The department is currently working with other agencies to develop a contingency plan for suppression in Montana, if it becomes necessary.

**FY91 objectives include:**

- Complete aerial survey and provide maps to field offices.
- Print and distribute the Montana Insect and Disease Conditions report.
- Detect establishment of gypsy moth by field trapping.
- Evaluate Douglas-fir tussock moth population trends by field trapping.

- Evaluate DSL timber sale plans for pest management implications.
- Plan and carry out insect suppression projects as necessary.
- Secure emergency funding for gypsy moth eradication if an outbreak is detected.

#### Institutional Forestry Work Program (IFW)

The base program provides productive forestry work and vocational training for the residents of the Swan River Forest Camp, as part of an overall rehabilitation program. The program is carried out in cooperation with the Department of Institutions.

Current staff includes six resident instructors who provide training and supervision in forestry, fire suppression and carpentry activities.

Current level accomplishments, measured as average annual man-days and estimated value received, are as follows:

	MAN-DAYS	EST. VALUE RECEIVED
Forestry	3,618	\$105,613
Carpentry	451	25,240
Suppression	1,883	70,248
Incidental	229	5,725
TOTALS	6,181	\$206,826

Specific benefits received from the program, all of which help to increase future revenues to the trust, include: reforestation, thinning, road and drainage structure maintenance, fire protection, and hazard reduction. Other activities such as fire suppression, trail and campground improvements, building and grounds maintenance, and vehicle/equipment repair and maintenance, provide for cost savings, public access and protect the State's assets. Special projects include tree improvement work, seed orchard maintenance, and wildlife enhancement.

#### Specific program objectives:

- Through a forestry work program, promote good work habits and job development skills for 160 forest camp residents annually.
- Increase future revenue to the school trust and offset current level General Fund obligations by accomplishing forestry, carpentry, and mechanical projects valued in excess of \$260,000 per year.
- Maintain at least 20 red card qualified resident fire crew members during the wild fire season.
- Complete at least 250 acres of precommercial thinning on State Forest Lands.
- Plant a minimum of 100 acres of tree seedlings on State Forest Lands.
- Annually complete carpentry and construction projects according to the quarterly plan.
- Manufacture 100,000 board feet of lumber annually.

#### Missoula Buildings and Grounds Program

The base program repairs, maintains and provides security for the Forestry Division and Southwestern Land Office facilities at the 185 acre Spurgin Road complex in Missoula. This includes planning for the State long-range building and major maintenance program, as well as for other building projects.

#### Specific program objectives include:

- Annually compile, prioritize, schedule and carry out construction and maintenance projects for the 185-acre Missoula facility.
- Develop project specifications, drawings and contract requirements.
- Draft, update and maintain the long-range building and maintenance plan for the Missoula facility.
- Maintain the lawns, shrubs and trees on the complex.
- Remove snow from roads, parking lots and sidewalks.
- Provide security for all buildings on the complex.
- Direct the Division safety program.
- Plan and carry out a water quality and radon testing program for the Missoula facility.

## BASE FUNDING

### Service Forestry Programs

The Service Forestry programs are funded with a combination of General Fund and federal grants through the USDA, Forest Service. Federal grants are based on a 50/50 federal/State cost share.

### Institutional Forestry Work Program & Missoula Buildings and Grounds Program

The institutional forestry work program and the Missoula buildings and grounds program are both funded entirely by general funds.

## Performance Indicators

### Forestry Assistance

Total landowners served  
Pre-harvest assists  
Forest management plans  
Tree planting assists  
Urban area assists

### Forest Practices

Notifications serviced  
Field consultations

### Forest Products

Sawmill studies  
Marketing bulletins  
Info requests serviced

### Forest Pest Management

FPM training sessions  
Aerial survey completed  
Timber sales evaluated  
Pest samples evaluated  
Traps placed/retrieved  
FPM conditions report

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Total landowners served	620	650	650	650
Pre-harvest assists	128	100	100	100
Forest management plans	46	55	55	55
Tree planting assists	45	60	60	60
Urban area assists	41	60	60	60
Notifications serviced	598*	900	900	900
Field consultations	53*	90	90	90
Sawmill studies	4	10	10	10
Marketing bulletins	4	4	4	4
Info requests serviced	204	200	200	200
FPM training sessions	4	2	2	2
Aerial survey completed	1	1	1	1
Timber sales evaluated	4	6	6	6
Pest samples evaluated	48	65	65	65
Traps placed/retrieved	166	200	200	200
FPM conditions report	1	1	1	1

\* These amounts are for 6 months only--program became operational Jan. 1.



	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
<u>Forestry Assistance</u>				
Total landowners served	0	650	0	650
Pre-harvest assists	0	100	0	100
Forest management plans	0	55	0	55
Tree planting assists	0	60	0	60
Urban area assists	0	60	0	60
<u>Forest Practices</u>				
Notifications serviced	+300	1,200	+400	1300
Field consultations	+30	120	+40	130
<u>Forest Products</u>				
Sawmill studies	0	10	0	10
Marketing bulletins	0	4	0	4
Info requests serviced	0	200	0	200
<u>Forest Pest Management</u>				
FPM training sessions	0	2	0	2
Aerial survey completed	0	1	0	1
Timber sales evaluated	0	6	0	6
Pest samples evaluated	0	65	0	65
Traps placed/retrieved	0	200	0	200
FPM conditions report	0	1	0	1

Institutional Forestry Work Program (IFW)

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Residents trained	140	160	160	160
Acres planted	100	100	100	100
Board ft lumber sawn	100,000	100,000	100,000	100,000
Acres thinned	250	250	250	250
Fire fighters trained	20	20	20	20

	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
Residents trained	0	100	0	160
Acres planted	0	100	0	100
Bd. ft. lumber sawn	0	100,000	0	100,000
Acres thinned	50	300	50	300
Fire fighters trained	0	20	0	20

Missoula Buildings and Grounds Program

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Maintain complex (acres)	185	185	185	185
Maintain buildings (No.)	16	17	17	17
Maintenance projects (No.)	4	3	3	3

	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
Maintain complex (acres)	0	185	0	185
Maintain buildings (No.)	0	17	0	17
Maintenance projects (No.)	0	3	0	3

## INCREASE OR DECREASE FROM BASE

### Best Management Practices

The requested increase will be used to service an accelerating caseload in the forest practices program. This program helps loggers and forest landowners avoid impacts on water quality by using Best Management Practices (BMPs). The program implements House Bill 678 (1989), enacted to carry out certain recommendations in the Environmental Quality Council's final report on HJR 49--Forest Practices and Watershed Effects, December, 1988. department foresters review harvest plans, provide BMP information, do pre-harvest field consultations on priority areas, and revisit a limited number of sites after harvest to survey the use of BMPs. In addition, Forestry Division staff participates in BMP education projects in cooperation with the forest products industry and government agencies. The 1991 biennium budget was based on 900 logging starts per year on nonindustrial private forest (NIPF) land. However, the shrinking timber supply from the national forests is causing intense demand for private timber, and, as a result, 1,053 NIPF logging operations started during FY90. By FY93, the NIPF caseload for BMP services may be as high as 1,300 new operations per year. The department requests an increase of 1.00 FTE to service its caseload and thereby provide mandated BMP services in conformity with department standards.

<u>FY92</u>	<u>FY93</u>
6,100 GF	6,100 GF
18,300 FSRF	18,300 FSRF
\$24,400 (1.0 FTE)	\$24,400 (1.0 FTE)

### Forestry Appropriation Language

The department needs appropriation language that will allow it to respond to workload increases in the brush, Timber Stand Improvement (TSI) and nursery and slash programs, by requesting additional authority to spend State special revenue through budget amendment. This

language would deem that the emergency criteria for approval of budget amendments are met if the program workload increases and/or the State special revenue accounts earn more revenue during the biennium than was appropriated. The reason is that State special revenue accounts fund all four of the above programs, and those revenues are all based on timber market conditions which can fluctuate greatly. As market conditions improve, workload increases along with revenue. However, if the department does not accurately forecast market conditions and under-estimates revenues, we will not have sufficient spending authority to meet workload demands.

<u>FY92</u>	<u>FY93</u>
- 0 -	- 0 -







5119

FIRE SERVICES TRAINING SCHOOL





# FIRE SERVICES TRAINING SCHOOL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr Recommended
Full Time Equivalent Employees	5.00	5.00	.00	.00	.00	.00
Personal Services	166,691.87	172,084	0	0	0	0
Operating Expenses	56,363.05	72,720	0	0	0	0
Equipment	16,299.27	3,184	0	0	0	0
Total Agency Costs	\$239,354.19	\$247,988	\$0	\$0	\$0	\$0
General Fund	220,257.92	219,055	0	0	0	0
Proprietary Fund	19,096.27	28,933	0	0	0	0
Total Funding Costs	\$239,354.19	\$247,988	\$0	\$0	\$0	\$0
Fire Services Training School	239,354.19	247,988	0	0	0	0
Total Program Costs	\$239,354.19	\$247,988	\$0	\$0	\$0	\$0

## MISSION AND GENERAL DESCRIPTION

It is the mission of the Fire Services Training School (FTS) to facilitate the education, training, and professional development of the fire service of Montana to meet or exceed the standards adopted by the Fire Service Training Advisory Council (whose members are appointed by the Board of Regents).

The Fire Services Training School serves all of Montana's fire departments, companies and districts. This audience consists of an estimated 7,600 personnel in 410 organizations; 95% of which are volunteers. The FSTS develops and operates programs which support and assist local government in their mission of providing quality fire and rescue service to the public. FTS supports and promotes: (a) "standard of care" operations, (b) self-sustained training programs within local organizations, (c) cooperation between organizations, (d) individual growth of emergency service personnel through their training, and (e) a wholesale approach at the State level to the delivery of training. As a result of language in the current appropriations bill,

FSTS is co-located with the Great Falls Vocational-Technical Center at 2100 16th Avenue South, Great Falls. FSTS operates a mobile smoke maze (tractor and trailer), a flammable liquids live fire fighting prop (trailer), one mobile command vehicle, and a resource center/loaning library. There are no dedicated fire training structures owned by the State. The FSTS Programs are taken to the

students through outreach.

## AGENCY ORGANIZATION

The Fire Services Training School works closely with its Advisory Council which is appointed by the Regents. The Council is very active in providing direction for the School's programs and its members are also involved in leadership roles with other organizations. The School's Staff includes a Director, Administrative Assistant, an Operations Chief, a Service Officer and a Support Officer. One staff member operates from Bozeman. The School's Director reports to the Assistant Dean of the Extension Service.

## AUTHORIZATION

**MCA 20-31-102. Fire services training school - creation - supervision by board of regents.** There is a fire services training school. The fire services training school is allocated to the board of regents for purposes of planning and coordination. The budget request for the fire services training school shall be submitted through the board of regents. The general supervision of the school is vested in the board of regents.

History: En. 75-7716 by Sec. 1, Ch. 104, L. 1977: R.C.M. 1947, 75-7716. MCA 20-31-103. **Purpose of school.** The purpose of the fire services training school is to:

- (1) provide fire service personnel with professional training;

- (2) identify new methods of fire prevention and suppression and disseminate information about them;
  - (3) provide a resource center for use by local fire services;
  - (4) provide testing and certification for personnel and apparatus; and
  - (5) coordinate fire services training in the state.
- History: En. 75-7717 by Sec. 2, Ch. 104, L. 1977; R.C.M. 1947, 75-7717; amd. Sec. 2, Ch. 6, L. 1987.

## GOALS AND PERFORMANCE INDICATORS

- To improve the operational effectiveness of local fire services.
- Number of local organizations using FSTS prescriptions services.
- Number of active coaches and instructors.
- To provide a professional Certification Program based on national standards for fire service personnel.
- Percent of qualified applicants tested.
- Additional levels or specialties added or revised.
- Number of evaluation instruments developed or revised.

## Performance Indicators

### Organizations using FSTS prescriptions/services

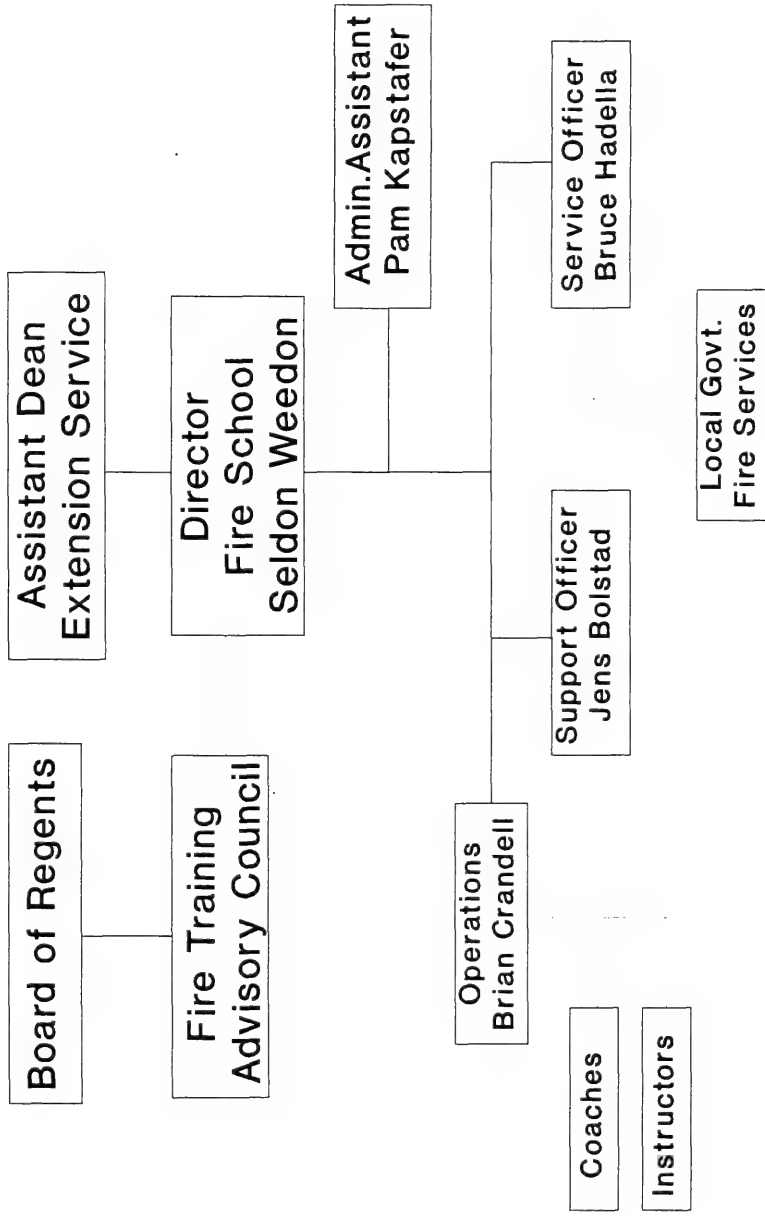
- Active coaches and instructors
- Percent of qualified instructors tested
- Levels or specialties added/revised
- Evaluation instruments developed/revised
- Exams developed after manual issue
- Percent of requesting applicants tested
- FF trained in smoke diving
- FF trained on flammable liquids & gases
- Courses delivered
- Individuals trained
- Contact hours
- Percent of library requests answered
- Items added to library
- Library items loaned
- Newsletters published
- Alerts published (not in newsletters)
- Hours of local fire training programs accredited
- Local fire training programs evaluated

- To provide training courses for fire service personnel.
- Number of courses and individuals trained.
- Contact hours.
- To provide a central library, loan program and information exchange medium for local fire services.
- Percent of requests answered.
- Items added and loaned.
- Newsletters and alerts published.
- To provide accreditation for local fire training programs.
- Number of hours accredited.
- Number of programs evaluated.
- To provide a system of recognition for success in retaining contents of the International Fire Service Training Association Fire Training Manuals and other nationally recognized manuals and text.
- Exams developed after manual issue.
- Percent of requesting applicants tested.
- To provide facilities to support local fire services in their training programs.
- Train smoke divers annually.
- Train fire fighters on flammable liquids and gases.

## FY90 FY91 FY92 FY93 (Based on Current Level Funding)

200	200	200	200
30	30	30	30
53%	53%	53%	53%
1	1	1	1
6	6	6	6
NA	3	3	3
100%	100%	100%	100%
396	396	396	396
33	33	33	33
71	71	71	71
1719	1719	1719	1719
17609	17609	17609	17609
100%	100%	100%	100%
276	276	276	276
1790	1790	1790	1790
5831	5831	5831	5831
840	840	840	840
560	560	560	560
0	0	0	0

# FIRE SERVICE TRAINING SCHOOL



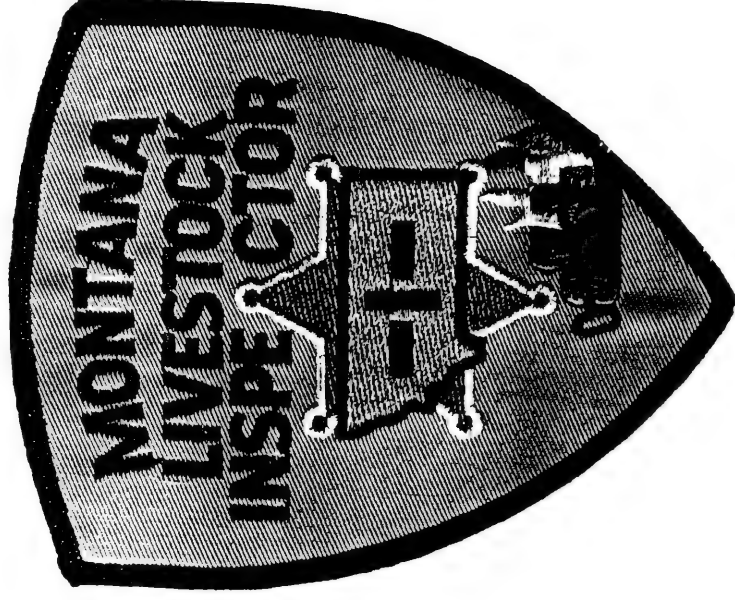








STATE OF MONTANA  
DEPARTMENT OF LIVESTOCK





**DEPARTMENT OF LIVESTOCK**  
**NARRATIVE BUDGET JUSTIFICATION**

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## DEPARTMENT OF LIVESTOCK

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
<b>Full Time Equivalent Employees</b>	116.71	118.71	118.71	5.00	123.71	116.71	5.00	121.71
Personal Services	3,823,682.44	3,492,762	3,457,593	129,356	3,586,949	3,420,501	128,995	3,549,496
Operating Expenses	1,077,598.50	1,267,216	1,272,531	177,801	1,450,332	1,208,187	71,638	1,279,825
Equipment	187,882.75	180,152	156,752	-11,763	144,989	156,752	-9,511	147,241
<b>Total Agency Costs</b>	<b>\$4,489,163.69</b>	<b>\$4,940,130</b>	<b>\$4,886,876</b>	<b>\$295,394</b>	<b>\$5,182,270</b>	<b>\$4,785,440</b>	<b>\$191,122</b>	<b>\$4,976,562</b>
General Fund	756,212.50	865,453	858,579	56,352	914,931	858,814	54,041	912,855
State Special Revenue Fund	3,479,400.36	3,797,750	3,740,417	158,392	3,898,809	3,638,904	58,490	3,697,394
Federal Special Revenue Fund	253,550.83	276,927	287,880	80,650	368,530	287,722	78,591	366,313
<b>Total Funding Costs</b>	<b>\$4,489,163.69</b>	<b>\$4,940,130</b>	<b>\$4,886,876</b>	<b>\$295,394</b>	<b>\$5,182,270</b>	<b>\$4,785,440</b>	<b>\$191,122</b>	<b>\$4,976,562</b>
Centralized Services	453,589.86	457,806	482,952	-6,554	476,398	484,077	-7,644	476,433
Diagnostic Laboratory	737,777.96	791,067	773,454	20,711	794,165	773,103	21,137	794,240
Disease Control	440,500.78	523,756	502,519	-5,265	497,254	502,869	-4,610	498,259
Milk & Egg	213,197.02	221,048	205,977	10,565	216,342	206,291	10,337	216,628
Inspection & Control	1,977,017.54	2,158,969	2,122,106	44,593	2,166,699	2,018,637	47,451	2,066,088
Predatory Animal Control	238,798.04	273,487	264,346	112,185	376,531	265,250	9,393	274,643
Rabies Control	16,420.22	56,930	56,939	-41,939	15,000	56,944	-41,944	15,000
Meat & Poultry Inspection	411,862.27	457,067	478,583	161,098	639,681	478,269	157,002	635,271
<b>Total Program Costs</b>	<b>\$4,489,163.69</b>	<b>\$4,940,130</b>	<b>\$4,886,876</b>	<b>\$295,394</b>	<b>\$5,182,270</b>	<b>\$4,785,440</b>	<b>\$191,122</b>	<b>\$4,976,562</b>

### MISSION AND GENERAL DESCRIPTION

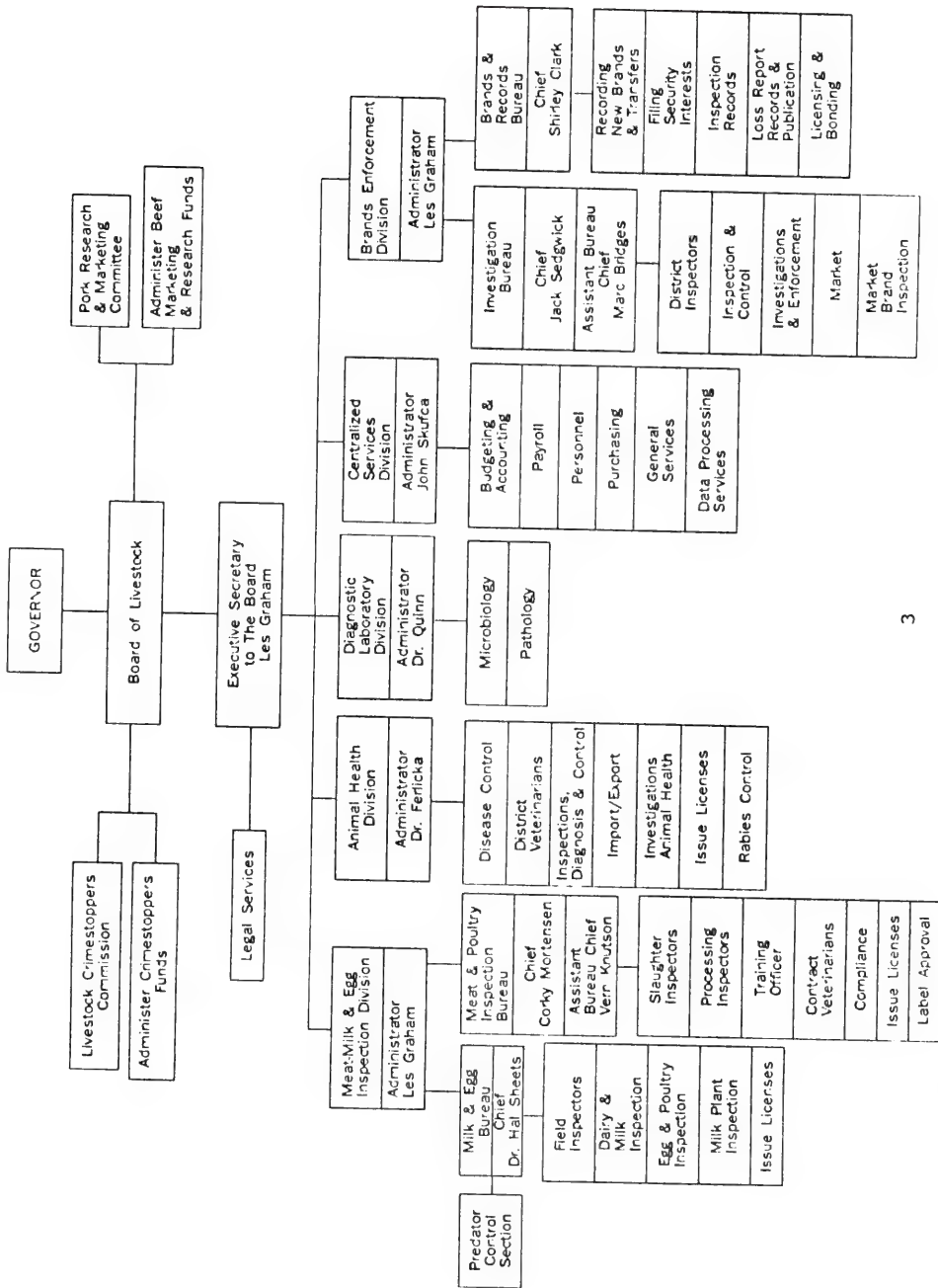
The Department of Livestock was established to provide state responsibility for the control and eradication of animal diseases, the prevention of the transmission of animal disease to humans and for the protection of the livestock industry from theft and predatory animals. The Department of Livestock is provided for in section 2-15-3101 M.C.A. and operates within Title 81 M.C.A.

The seven member Board of Livestock, the director of the department, is provided for in Section 2-15-3102 M.C.A. The department consists of the Board of Livestock, its appointed executive secretary; the Livestock Crimestopper's Commission, Pork Research & Marketing Committee and Beef Research & Marketing are administratively attached. The department is organized into five divisions: Animal Health Division, Centralized Services Division, Brands Enforcement Division, Diagnostic Laboratory Division, and Meat-Milk & Egg Inspection Division.

The Board of Stock Commissioners and the Office of the Territorial Veterinary Surgeon were established in 1885. The Board of Sheep Commissioners was

established in 1897. In 1917 the Board of Sheep Commissioners and Board of Stock Commissioners were combined to form the Livestock Commission. The State Veterinary Surgeon became the Livestock Sanitary Board in 1917. In 1972 the Livestock Sanitary Board and Livestock Commissioners were combined to form the Board of Livestock in its present day form.

# Department of Livestock Organizational Structure



## CENTRALIZED SERVICES DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992			Fiscal 1993		
			Base	Incr/Decr	Recommended	Base	Incr/Decr	Recommended
Full Time Equivalent Employees	9.00	9.00	9.00	.00	9.00	9.00	.00	9.00
Personal Services	294,940.01	304,235	311,955	704	312,659	311,674	703	312,377
Operating Expenses	153,626.68	137,160	154,586	4,653	159,239	155,992	4,564	160,556
Equipment	5,023.17	16,411	16,411	-11,911	4,500	16,411	-12,911	3,500
Total Agency Costs	<b>\$453,589.86</b>	<b>\$457,806</b>	<b>\$482,952</b>	<b>\$-6,554</b>	<b>\$476,398</b>	<b>\$484,077</b>	<b>\$-7,644</b>	<b>\$476,433</b>
General Fund	81,244.86	83,487	88,123	-1,212	86,911	88,338	-1,413	86,925
State Special Revenue Fund	354,887.00	355,925	376,240	-5,443	370,797	377,151	-6,320	370,831
Federal Special Revenue Fund	17,458.00	18,394	18,589	101	18,690	18,588	89	18,677
Total Funding Costs	<b>\$453,589.86</b>	<b>\$457,806</b>	<b>\$482,952</b>	<b>\$-6,554</b>	<b>\$476,398</b>	<b>\$484,077</b>	<b>\$-7,644</b>	<b>\$476,433</b>

### OVERVIEW

The Centralized Services Division staff are responsible for the accounting, budgeting, payroll, personnel, legal services, purchasing, data processing, general services and administrative functions for the Department of Livestock.

### AUTHORITY

Although there are no specific statutory requirements authorizing the Centralized Services Division, it operates under many varied state statutes that require certain functions to be carried out by a state agency, i.e. prompt payment of bills, timely submission of the biennial budget, payroll processing, personnel policy administration, immediate deposit of fees and other revenue collected by the department to mention a few.

### GOALS

The overall division goals are to provide support, guidance, policy development and interpretation for the other department divisions. In addition, the division provides the administrative and support services necessary to allow all other department programs to operate efficiently and deliver services to Montana livestock and related industries. In so doing, the division prides itself in accomplishing its functions while keeping its appropriations at a low percentage of the overall total agency budget.

### BASE PROGRAM

The division functions are carried out by the following described resources.

- A. Managerial:
- 1.) Board of Livestock - directs the Department of Livestock, establishes

policy, approves budget requests, provides information to and for the governor, prescribes rules, establishes the organizational structures of the department with the governor's approval, appoints certain positions within the department and approves agreements between the department and other state, federal or local agencies. All the functions are done with the objective to promote, foster and protect Montana livestock industry.

2.) An executive secretary is appointed by the board to ensure that the department functions in a manner consistent with the directives, policies and rules of the board and the laws of Montana. The executive secretary monitors the daily functions of the department and cooperates with the governor, other state and federal agencies, and the legislature in providing technical assistance when necessary.

3.) The Pork Research and Marketing Committee and the Beef Research and Marketing Committee are administratively attached to the board and this division.

4.) Department legal services are provided by the division staff attorney position. The attorney participates in all litigation for or against the department and advises staff regarding proper and/or legal procedures, drafts rule and rule changes and legislation.

### B. Administrative:

The following administrative functions are performed by this division:

1. Accounting:
  - a.) Pays all invoices and employee related expenses and other approved department expenses within legal time frames and generally sooner.
  - b.) Maintain financial reporting for the department, and other related agencies i.e. Department of Administration, Accounting Division, Legislative Auditor,

Office of Budget & Program Planning, LFA, etc.

- c.) Deposit all monies collected by the department within prescribed time frames or sooner.
- d.) Monitor accounts receivable for entire department.
- e.) Maintain all documentation pertaining to all transactions.

2.) Budgeting:

- a.) Prepare the biennial budget request for board approval and submission to the Office of Budget & Program Planning and LFA.
- b.) Provide budget status reports monthly for the board and all program managers.
- c.) Monitor all program budgets and recommend adjustment to the board and program managers as needed.
- d.) Maintain documentation and special reports relating to the department's budget and budget process.

3.) Payroll:

- a.) Process bi-weekly payroll for the entire department.
- b.) Make related changes to employee benefits or payroll options as needed.

c.) Maintain all documentation and employee payroll files.

4.) Purchasing:

- a.) All agency requisitions and agency purchase orders are processed.
- b.) All requests for quotations or bids for purchasing items are initiated and awarded by this program unless they exceed agency purchasing authority (of \$2,000), which, are handled by the Department of Administration - Purchasing Division.
- c.) Maintenance of all department inventory and associated records is an activity under this section of the program. In F.Y. 89 and 90 a new automated inventory system was developed and put into use.

5.) Data Processing:

- a.) All department data processing activities are coordinated, developed and supported.
- b.) Data processing activities areas include; on-line access to the Department of Administration mainframe, internal networking of personal computers and stand-alone P.C.'s.

6.) Personnel:

- a.) Guidance is provided to all programs regarding personnel related activities, i.e. development and finalization of position descriptions, performance appraisal disciplinary procedures, etc.
- b.) The personnel - E.E.O. officer prepares the biennial Affirmative Action plan for the department, participates in employment interviews and makes recommendations to management within the department regarding policy interpretation and procedure.

7.) General Services:

- a.) This section of the division provides miscellaneous services for the entire department, such as opening and distribution of all mail received

by the Helena office, attending to all out-going mail, ordering of basic office supplies.

- b.) All field supplies and small equipment is stored, inventoried and shipped to department field personnel, deputy stock inspectors and deputy veterinarians from the Helena office.

c.) Other mundane tasks such as running errands and unloading trucks are performed by this division. The importance of the activities within this department division cannot be over emphasized as they are what allow the remainder of the department personnel to perform their activities efficiently and timely.

### BASE FUNDING

The Centralized Services Division is funded by state special revenue, general fund and federal funds. Funding is determined by the proportion of state special revenue and general fund for all other agency programs. The federal funds are derived from indirect cost reimbursements for the Meat Inspection Program.

### PERFORMANCE INDICATORS

In FY89 the Centralized Services Division functions included:

\* Documents Processed;

Transfer warrant claims	2,857
No-warrant transfers	278
Collection report	537
Journal vouchers	153
Appropriation allocations	13
B 212 (budget forms)	22
Purchase orders	268
Accruals documents	18

\* The number of transactions per document vary, but is probably consistent on an annual basis.



DIAGNOSTIC LABORATORY DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	18.00	18.00	18.00	.00	18.00	18.00
Personal Services	504,747.45	551,193	553,002	1,248	552,962	1,248
Operating Expenses	209,008.74	214,249	215,827	43	215,870	14
Equipment	24,021.77	25,625	4,625	19,420	24,045	19,875
Total Agency Costs	<u>\$737,777.96</u>	<u>\$791,067</u>	<u>\$773,454</u>	<u>\$20,711</u>	<u>\$794,165</u>	<u>\$21,137</u>
General Fund	284,580.96	320,454	313,248	8,389	321,637	8,561
State Special Revenue Fund	453,197.00	470,613	460,206	12,322	472,528	12,576
Total Funding Costs	<u>\$737,777.96</u>	<u>\$791,067</u>	<u>\$773,454</u>	<u>\$20,711</u>	<u>\$794,165</u>	<u>\$21,137</u>

## OVERVIEW

The Diagnostic Laboratory Division provides laboratory support for regulatory officials and agencies, livestock producers and veterinarians to promote, foster and protect Montana livestock industry. Through laboratory testing for zoonotic diseases and routine safety assurance tests of dairy products, the division assists the efforts of public health officials and department personnel to protect the health of Montana citizens. The division provides laboratory testing services to assist animal owners, veterinarians and Department of Fish, Wildlife and Parks personnel to protect the health of Montana companion animals and wildlife.

## GOALS

The division goals are to: 1.) provide accurate, timely test results which help to minimize economic losses to livestock producers by the identification of animal diseases; 2.) provide test results to regulatory officials which assist in the control of contagious livestock diseases; 3.) respond to changing test requirements needed to enhance the marketability of Montana livestock and livestock products in both interstate and international commerce; 4.) stay abreast of the changing scientific knowledge relative to animal diseases and the technology necessary to identify these diseases; 5.) disseminate knowledge relative to animal health problems in Montana to concerned producers, animal owners and veterinarians; and 6.) provide continuing education for the veterinary profession and animal owners through consultations, diagnostic investigations and participation in continuing education programs.

## AUTHORIZATION

The Diagnostic Laboratory Division is provided for under Title 81, Chapter 2, Part 1, b and c M.C.A.

**BASE PROGRAM**

The division is located in Marsh Laboratory on the campus of Montana State University in Bozeman. Areas of work are arranged along the lines of scientific disciplines of virology, bacteriology, anatomic pathology, immunology, clinical pathology and toxicology. These work areas are integrated into the overall mission of providing diagnostic support for laboratory users.

For illustrative purposes, the areas of livestock marketing and movement, disease investigations, regulatory programs, livestock production programs and public health-related investigations are separated and developed. The volume of work within each of these areas is controlled by factors outside of the division, such as livestock markets and prices, public awareness, and regulatory programs. Methods used to provide these services are constantly changing in response to advances in scientific knowledge and technology.

### A. Livestock marketing and movement

- 1.) Interstate and international shipments of Montana livestock are dependent on laboratory data that demonstrate the animal's health. The type of the test required is dependent upon the destination country or state. Historically, large number of samples have been tested for export to Canada, Japan and most states within the United States.
  - 2.) FY89
    - a.) Immunology area - Approximately 54,500 tests were performed on livestock designated for sale, movement or export.
    - b.) Bacteriology and virology areas - Tests on bulls to be used for semen collection and sale amounted to 1,395.
- B. Animal disease investigations
- 1.) Work on these problems may involve one, several or all the laboratory areas and disciplines depending upon the complexity. All animal species

are represented. Cattle and sheep investigations are very seasonal and the highest in the Spring when diseases of the newborn are investigated.

- 2.) FY89
  - a.) Pathology section - 768 post mortem examinations were performed and 21,324 tissues were examined microscopically.
  - b.) Clinical pathology - Approximately 27,000 tests and 19,000 controls were performed in disease investigative efforts.
  - c.) Bacteriology section - Approximately 10,000 disease investigative tests were performed.
  - d.) Virology section - Approximately 3,045 tests for various diseases were performed.
  - e.) Serology section - approximately 4,250 tests were performed for investigative purposes.
  - f.) Telephone consultations relative to disease investigations with animal owners and veterinarians represent about 20-30 hours per month.
- C. Regulatory programs
  - 1.) During FY89 the Cooperative State-Federal Brucellosis program and the swine pseudorabies program were the major regulatory efforts that produced work in the laboratory. Minor efforts in avian tuberculosis, the Montana Meat Inspection program and external parasites of cattle were also performed.
  - 2.) During FY89, 11,359 blood, semen and milk tests were performed as required by state and federal regulations.
- D. Livestock production programs
  - 1.) Laboratory tests that provide a measure of production efficiency were performed for the Montana Dairy Herd Improvement Association.
  - 2.) In FY89 263,400 tests on 87,000 milk samples were performed by the dairy products area of the laboratory.
- E. Public health-related investigations
  - 1.) Rabies diagnostic investigations and dairy products testing are the major activities in this area. Minor investigative functions include the testing for other zoonotic diseases, such as tularemia and salmonellosis, bacteriologic tests on drinking water and some of the cases of suspected poisonings.
  - 2.) FY89 investigations
    - a.) Rabies: 1,159 animals were tested resulting in approximately 1,725 tests being performed. Approximately 2,200 test mice were utilized for these investigations.
    - b.) Dairy products - 26,850 tests were performed which included 503 tests for pesticides performed by the Agricultural Experiment Station's Analytical Laboratory.
  - 3.) In the area of public health investigations, there is considerable overlap with other areas especially in the regulatory area dealing with brucellosis. Some of the animal disease investigations become important when the diagnosis is known, e.g., a suspected case of coliform meningitis actually is recognized as rabies.

## BASE FUNDING

The Diagnostic Laboratory Division is funded by state special revenue and the general fund.

## PERFORMANCE INDICATORS

### Workload Measure

- A. Data presented in the narrative are utilized for this summary. However, the tests performed are placed into work areas within the laboratory rather than listed according to reasons for the test requests.
 

Table (Lab Tests) FY89	
Pathology	49,080
Virology (inc rabies)	4,490
Bacteriology	11,375
Dairy products	
(regulatory and DHIA)	290,250
Serology	15,480
Data preparation & dist	15,000 reports
- C. Projections - The workload for the coming biennium should be quite similar to the FY89 figures. New regulatory programs, changes in livestock marketing opportunities and increased disease investigations due to several factors, all beyond this program's control, could significantly alter the actual figures.

## DISEASE CONTROL PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	-----		-----		-----		-----	
			Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended		
Full Time Equivalent Employees	10.50	10.50	10.50	.00	10.50	10.50	.00	10.50		
Personal Services	344,336.59	382,369	360,942	834	361,776	360,801	832	361,633		
Operating Expenses	78,367.39	115,403	115,593	844	116,437	116,084	355	116,439		
Equipment	17,796.80	25,984	25,984	-6,943	19,041	25,984	-5,797	20,187		
Total Agency Costs	<u>\$440,500.78</u>	<u>\$523,756</u>	<u>\$502,519</u>	<u>\$-5,265</u>	<u>\$497,254</u>	<u>\$502,869</u>	<u>\$-4,610</u>	<u>\$498,259</u>		
State Special Revenue Fund	440,500.78	523,756	502,519	-5,265	497,254	502,869	-4,610	498,259		
Total Funding Costs	<u>\$440,500.78</u>	<u>\$523,756</u>	<u>\$502,519</u>	<u>\$-5,265</u>	<u>\$497,254</u>	<u>\$502,869</u>	<u>\$-4,610</u>	<u>\$498,259</u>		

Three field veterinary positions are located in Helena, Miles City, and Polson. These are full time employed, licensed accredited veterinarians that conduct district supervision over livestock markets, rendering plants, import activities,

and disease investigations. Liaison with practicing veterinarians in the district is required. All reports of any non-routine disease occurrences are investigated. These include; market cattle slaughter reports (50), swine pseudorabies slaughter reports (20), tuberculosis slaughter reports, and rabies. Quarantine enforcement, disease investigations, herd tests, and animal examinations are done as needed. Practicing veterinarians are hired on an as needed basis when work loads exceed district manpower resources.

#### Disease Surveillance and Special Problems:

Approximately 600 phone calls seeking information are received each month. Three hundred fifty veterinarian animal disease report cards are sent each month with reports from practicing veterinarians compiled monthly and summarized annually to assess disease prevalence and experiences. This data serves to spot disease trends and anticipate control needs of Montana producers. Two to three deputy/accreditation orientation sessions for practicing veterinarians are held each year to teach and update practitioners on official work detail. In FY89 10,000 diagnostic laboratory pathology reports were reviewed by staff.

Approximately 6,000 Montana disease serology reports are reviewed and entered for the compilation of surveillance reports. This data allows the identification of trends and the need for control measures. Veterinarians send approximately 1,500 special investigative reports each year. Slaughter test tracers on brucellosis, pseudorabies, and tuberculosis are investigated by FTE veterinarians each year.

Live animal residue reports and requests to market veterinary biologic products within Montana are processed by this program. Approximately 60 regular license permits, and about 35 special use permits are processed annually.

The aerial hunting of predators, as provided for in Montana Code Annotated 81, Chapter 7, is managed by this program. In FY89, fifty-five hunting permits were issued for the aerial hunting of fox and coyotes in Montana.

In summary; the Animal Health Disease Control Program has operated efficiently and successfully and made state-of-the-art expertise available to Montana livestock producers. No catastrophic disease occurrences were encountered in Fiscal Year 1989 or 1990. It is anticipated that this success can continue with current procedures and policies. While this success was being enjoyed, no undue restraint of import/export trade was experienced and minimal inconvenience to producers was required. It is believed that the program functioned in response to and in the best interest of the Montana livestock industries.

#### **DEPARTMENT FROM BASE**

The demand for service from livestock producers and animal owners remains

high. Future program direction for pseudorabies eradication, Salmonella enteritidis control, and Brucella ovis of rams eradication is being planned with concurrence of the affected industry. Dissemination of disease information to producers and practicing veterinarians is being refined through data automation, interagency networking, and data reproduction. A budget allowance for contracted service allows for an emergency response capability in the event of a catastrophic disease outbreak, which could occur at any time as a result of animal commerce. Budget allocations should be adjusted within this program to provide more resources for travel required as a result of minimal FTE staffing patterns. Accurate allocation of costs associated with emergency contracted services and informational material to practicing veterinarians should be made.

#### **BASE FUNDING**

The Disease Control Program is funded totally by state special revenue funds.

#### **PERFORMANCE FACTORS**

The following summarizes the workload data contained throughout the narrative:

##### 1.) Import/Export Activities:

##### Exports Monitored:

Cattle - 800,000 to 1,000,000/annually

Pets - 2,500/annually

Export Health Certificates issued: 14,000/annually

##### Imports Processed:

Cattle - 556,000/annually

Pets - 1,500/annually

##### Import Permits:

Livestock - 7,000 to 10,000/annually

Import quarantines issued and requiring follow up: 500/annually

##### Enforcement Activities:

1,000 phone calls per month

Approximately 12 misdemeanor charges and 36 warning citations issued annually

##### 2.) Field Operations and Disease Surveillance:

50 - cattle slaughter reports annually

20 - swine slaughter reports annually

1,500 special investigative reports annually

600 - informational phone calls annually

10,000 - Diagnostic Laboratory reports reviewed annually

6,000 - disease Serology reports reviewed annually

60 - regular use permits for Veterinary Biologics (vaccines)

35 - special use permits for Veterinary Biologics

55 - Aerial hunting permits issued annually

The Department anticipates a similar workload for the next biennium (92-93) although uncontrollable factors such as economic and/or weather conditions could influence the magnitude.

DEPARTMENT OF LIVESTOCK

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DISEASE CONTROL PROGRAM

## MILK & EGG PROGRAM

Full Time Equivalent Employees	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual		Appropriated		Base	Incr/Decr	Base	Incr/Decr
	6.00		6.00		6.00	-.25	6.00	-.25
Personal Services	167,526.04		184,015		167,515	75	167,590	76
Operating Expenses	32,849.98		25,558		26,987	6,251	33,238	6,001
Equipment	12,821.00		11,475		11,475	4,239	15,714	4,260
Total Agency Costs	\$213,197.02		\$221,048		\$205,977	\$10,565	\$216,542	\$10,337
General Fund	183,197.02		191,048		175,977	10,565	186,542	10,337
Federal Special Revenue Fund	30,000.00		30,000		30,000	0	30,000	0
Total Funding Costs	\$213,197.02		\$221,048		\$205,977	\$10,565	\$216,542	\$10,337

### OVERVIEW

The Milk & Egg Program within the Meat, Milk & Egg Inspection Division, primary functions are to insure that eggs, milk and milk products sold or manufactured in Montana are fit for human consumption. These functions are accomplished through licensing, sampling, laboratory testing and product and site inspections, done in cooperation with other state and federal agencies. The program supervises the enforcement of state and federal law.

### AUTHORIZATION

This programs statutory functions are provided for under Title 81, Chapters 20, 21, & 22 M.C.A. Title 20 provides for poultry and egg inspection and licensing, Title 21 provides for dairy products regulation and licensing and Title 22 provides for regulation, inspection, and licensing requirement of manufactured dairy products.

In addition, the Department has adopted the following U.S. Public Health Service procedures:

- 1.) P.M.O. (Pasteurized Milk Ordinance)
- 2.) M.M.R.S. (Methods of Making Sanitation Ratings)
- 3.) S.C.C. (Single Service Container Standards)
- 4.) E.M.L. (Evaluation of Milk Laboratories)
- 5.) D.M.O. (Grade A Condensed and Dry Milk Products and Dry Whey)

### BASE PROGRAM

The Milk & Egg Program performs its mission through five field sanitarians stationed throughout the state who watch IMS list to see when ratings are due. Report must be in to regional office before due date.

### Grade A Plants

#### Milk Samples

Plant Inspection  
Equipment Tests  
Continuous Flow Holder  
Vitamin Analysis - each product with vitamins, annually  
Water & Sweet Water Tank  
Single Service Containers

### Grade B Plants

Plant Inspections  
Milk Products Sample  
Water Sample

### Grade A Producers & Retail Raw

Dairy Inspection  
Follow up Inspection on high count  
Milk Sample  
Pesticide Milk Sample  
Well Water Sample - 1 when licensed, 1 every 3 years

### Grade B Producer

Dairy Inspection  
Milk Sample  
Pesticide Milk Sample - when directed by department  
Well Water Sample - 1 when licensed, 1 every 3 years

4 samples each 6 months  
2 each 6 months  
2 each 6 months  
1 each 6 months  
1 each 6 months  
4 samples each 6 months

1 each 6 months  
2 each 6 months  
1 each 6 months

1 each 6 months  
4 each 6 months  
1 each 6 months

1 each 6 months  
4 each 6 months



Grader/Weigher/Sampler/Haulers

For Bulk Tank Sampling  
Inspection & Test - 1 when licensed, 1 every year

Milk Distributor

Inspection - 1 when licensed, 1 every year

Milk & Cream Tester

Inspection & Test - 1 when licensed, 5 every year per tester

Bulk Tank Trucks

Inspection - 1 when licensed, 1 every year

Other Activities

1. Check pull dates whenever in plant, distributor, or retail outlet.
2. Check stores for dairy products offered for sale without permit to come into Montana.
3. Review and approve all plans for new and remodeling construction.

Additional requirements of the program are:

- a. To maintain at least one survey officer.
- b. To send out license applications December 1st of each year.
- c. Retail Raw dairies must have T.B. and Bangs test each year by Department before license may be issued.

Egg Work

Each employee must be licensed by U.S.D.A.

Shell Egg Surveillance done each quarter.

License applications go out March 1st each year.

Inspect each licensed retail wholesale outlet 2 times a year.  
License egg graders.

School Lunch Program

Employee must be licensed by U.S.D.A.

Inspect each shipment of frozen chickens and turkeys when they come into Helena.

Inspect Single Service Container Plants

These are to be listed with IMS (Interstate Milk Shipments).

NCIMS Program

The Pasteurized Milk Ordinance, MMSR, SSCC, EML, and the DMO are a result of the NCIMS (National Conference of Interstate Milk Shippers). Participation is voluntary by member states, but said participation must meet the minimum inspection requirements as outlined in the above base program. The NCIMS meets every two (2) years and is a blend of Federal (PHS/FDA)

regulatory, state regulatory, and industry representatives. All fifty (50) states participate in the NCIMS program.

**BASE FUNDING**

The Milk & Egg Program is funded by general fund and federal funds. General fund makes up the majority of the funding while federal reimbursement for shell egg surveillance work contributes a portion.

**PERFORMANCE INDICATORS**

The following dairy and egg industry functions are inspected by the Milk & Egg Bureau of the Department of Livestock:

Grade A Dairy Producers	226
Grade B Dairy Producers	12
Grade A Dairy Plants	7
Grade B Dairy Plants	16
Hauler/Grader/Weigher/Sampler	64
Dairy Product Jobbers	72
Dairy Testers	15
Licensed Egg Producers	38

**INCREASE OF DECREASE FROM BASE**

The executive recommends that .50 FTE of an Administrative Assistant II be transferred from the Milk & Egg Program to the Meat/Poultry Inspection Program as the incumbent's time is spent on duties for both programs. The Meat/Poultry Inspection Program's training officer spends time supervising the Milk & Egg Program so .25 FTE is recommended to be moved into this program. The net change to the Milk & Egg Program is minus .25 FTE



# INSPECTION & CONTROL PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Recommended	Base	Recommended
Full Time Equivalent Employees	59.21	61.21	61.21	62.21	59.21	60.21
Personal Services	1,564,439.94	1,684,241	1,658,148	1,691,681	1,621,844	1,655,220
Operating Expenses	292,331.54	376,189	367,819	397,329	300,654	327,549
Equipment	120,246.06	98,539	96,139	77,689	96,139	83,319
Total Agency Costs	\$1,977,017.54	\$2,158,969	\$2,122,106	\$2,166,699	\$2,018,637	\$2,066,088
State Special Revenue Fund	1,977,017.54	2,158,969	2,122,106	2,166,699	2,018,637	2,066,088
Total Funding Costs	\$1,977,017.54	\$2,158,969	\$2,122,106	\$2,166,699	\$2,018,637	\$2,066,088

## OVERVIEW

The Inspection & Control Program is part of the Brands Enforcement Division. Its staff is responsible for livestock theft investigation, stray livestock investigations, brand inspections, brand recordings of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspection, and beef inspection.

## AUTHORITY

Statutory functions for this program are provided for under Title 81, Chapters 1, 3, 4, 5, 6, 8 and 9. Chapter 1 deals with the general provisions of the department; chapter 3 authorizes recording of marks and brands, and inspections of marks and brands; chapter 4 outlines duties as they apply to legal fences, strays, herd districts, impoundment, and etc.; chapter 5 deals with livestock transportation; chapter 6 outlines requirements for livestock protective associations and the Montana Livestock Crimestopper's; chapter 8 deals with livestock marketing, i.e. markets and dealers; and chapter 9 with marking and inspection of hides.

## BASE PROGRAM

The Inspection & Control program performs its mission through 18 field districts, these employees are P.O.S.T. certified law enforcement officers with full arrest authority, and twenty-six full time and 13 part time inspectors stationed at auction markets. In addition, this program employs a staff in the Helena office that records brands, issues licenses, records and files bills of sale and inspection documents, and includes a chief and assistant investigator.

As authorized under Title 81, Chapter 3, M.C.A. each ten year period all Montana registered brands are re-recorded. This activity becomes a non-discretionary increase to the base program during that period. Brand owners

have a calendar year (1991) in which to re-record brands although, for budgetary purposes this activity encompasses two (2) fiscal years, FY91 and FY92.

## BASE FUNDING

The Inspection and Control Program is funded totally by state special revenue funds.

## INDICATORS:

There are 15 livestock auction markets; 475 licensed livestock dealers; approximately 70,000 recordings of marks and brands; 600 local brand inspectors and 8,000 security interest filings for 350 lenders.

Miles Driven (approximately)	500,000
Cattle & horses inspected	2,306,601
Stray Checked	3,705
Trucks Stopped	2,545
Warning Tickets Issued	675
Misdemeanor Cases	79
Felony Cases	21

In the future, we anticipate that these numbers will remain fairly static with increases in miles driven, felony cases, miscellaneous cases and horse inspections.

## CHANGES FOR 93 BIENNIIUM

Due to workload increases in the Inspection & Control Program, the executive recommends an increase of one(1) additional FTE and operating expenses. Over the last six years the department has made severe reductions in program personnel, a 9.9 FTE reduction, and operating budgets due to sharp decreases in the number of cattle and, therefore, in the state special revenue available and required for the program. Now that cattle numbers have increased and appear

to have stabilized, the program will require an increase in personnel and operating expenses, primarily supplies, travel, and communications. The increase is financed by state special revenue inspection and control fund.

FY92 - \$55,064      FY93 - \$54,994

Additionally, every ten years all Montana-registered brands are rerecorded and calendar year 1991 is when brand owners have to rerecord brands. To process brand rerecord requests, the FY92 budget includes 2.00 FTE and operational expenses. The brand rerecord will be completed during FY92.

DEPARTMENT OF LIVESTOCK

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INSPECTION AND CONTROL PROGRAM

## PREDATOR CONTROL PROGRAM

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Descr	Recommended	Base	Fiscal 1993 Incr/Descr	Recommended
	1.00	1.00	1.00	.25	1.25	1.00	.25	1.25
Personal Services	44,911.08	44,733	48,357	10,863	59,220	48,595	10,837	59,432
Operating Expenses	191,328.56	228,754	215,989	101,322	317,311	216,655	-1,444	215,211
Equipment	2,558.40	0	0	0	0	0	0	0
Total Agency Costs	\$238,798.04	\$273,487	\$264,346	\$112,185	\$376,531	\$265,250	\$9,393	\$274,643
State Special Revenue Fund	238,798.04	273,487	264,346	112,185	376,531	265,250	9,393	274,643
Total Funding Costs	\$238,798.04	\$273,487	\$264,346	\$112,185	\$376,531	\$265,250	\$9,393	\$274,643

### OVERVIEW

The Predator Control Program offers protection to livestock producers by controlling certain types of predators that kill or injure domestic livestock. This program is also designed to alleviate problems caused by species that may endanger human health or safety, particularly the coyote, which can carry bubonic plague. The program is supervised by the Meat/Milk & Egg Division.

### AUTHORITY

This program is authorized in Title 81 Chapter 7. The entire chapter is devoted to this function.

### BASE PROGRAM

This program has a single function. There is one employee and one helicopter. The program works under signed agreements with Powder River, Carter and McCone Counties and the U.S. Fish & Wildlife Service. In addition, there were 55 licensed aerial hunting pilots in Montana in 1989. Private aerial hunters flew 1,649 hours and took 1,528 predators. In 1989, the department helicopter flew 563 hours and took 1,536 predators.

### BASE FUNDING

The Predator Control Program is funded totally by state special revenue funds.

### INCREASE OR DECREASE FROM BASE

In FY92 the executive has included \$120,000 of state special revenue for a necessary overhaul of the department's helicopter engine.

The budget also includes the transfer of .25 FTE from the Meat/Poultry Inspection Program to the Predator Control Program for supervision purposes.

## RABIES CONTROL PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Operating Expenses	15,636.32	56,939	56,939	-41,939	56,944	15,000
Equipment	783.90	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$16,420.22</b>	<b>\$56,939</b>	<b>\$56,939</b>	<b>\$-41,939</b>	<b>\$56,944</b>	<b>\$15,000</b>
General Fund	1,420.22	41,939	41,939	-41,939	41,944	0
State Special Revenue Fund	15,000.00	15,000	15,000	0	15,000	15,000
<b>Total Funding Costs</b>	<b>\$16,420.22</b>	<b>\$56,939</b>	<b>\$56,939</b>	<b>\$-41,939</b>	<b>\$56,944</b>	<b>\$15,000</b>

## OVERVIEW

The Rabies Control Program within the Animal Health Division of the Department of Livestock functions to protect human health from rabies by controlling domestic animal and wildlife rabies (especially skunks, known to be vectors of rabies). This is accomplished by state level programs and by cooperation with counties, private groups (humane society, veterinary associations, local and state), other government agencies (Departments of Health and Environmental Sciences, and Fish, Wildlife and Parks), and individuals (rabies agents).

## AUTHORITY

Montana Code Annotated Title 81, Chapter 2, Section 103, and related Title 32 Administrative Rules adopted through Montana Administrative Procedures Act.

## GOALS

The Rabies Control Program functioned successfully to avoid any human fatality due to rabies infection. One hundred seven persons received post exposure rabies treatment this past fiscal year and it is hoped that on-going research will provide the means to further reduce economic impact and mental anxiety associated with rabies treatment exposure and property loss.

## BASE PROGRAM

By using the full disease control capabilities of the Animal Health Division, the following rabies activities are offered:

1.1.) Maintain surveillance for incidence and prevalence of animal rabies and human rabies exposures. Forty Montana counties are known to be endemic for rabies. Bat rabies occurs throughout the state wherever colonizing bats

are found.

2.2.) Follow up all reported laboratory positive reports of animal rabies with the submitter and involved persons. All human and animal exposures are evaluated and properly disposed. Some 131 cases were so handled in FY88.

3.) Coordinate with the DH&ES on pre and post exposure consultation to evaluate level of exposure. In FY89, some 107 such post exposure treatments were given. This number is below the average of 116 for the previous 5 years.

4.) Maintain statistics and records of temporal and geographical occurrences of rabies and make epidemiological analysis of these data. These data and their analyses are distributed to interested persons for the public good.

5.) Offer sylvatic rabies species suppression programs through the supervision by three district veterinarians and a standby roster of approximately 100 rabies agents available on an as needed basis at strategic locations. The total combined veterinary manpower represented by this supervision is one (1) Veterinary FTE.

6.) Manage imposition and release of County Area rabies quarantines.

7.) Follow up bitten and biting animals by impoundment of these animals, examination, inspection, and testing.

8.) The program receives laboratory support as provided by the Diagnostic Laboratory Division of the department.

**DEPARTURE FROM BASE:**

Sylvatic rabies is an ecologically multifactorial disease in terms of annual occurrence and is an extremely difficult disease to estimate expected annual prevalence. Budget estimates have therefore been realistically made with the proviso that surpluses or deficiencies in funding could be expected with about equal frequency. The rationale has, up to now, withstood legislative scrutiny. Any planned increases in budget would be attendant to new technologies that might become available to further reduce risks to human health and/or domestic animal loss. An unexpected explosive epizootic of rabies could result in a call for increased funding.

**BASE FUNDING:**

The Rabies Control Program is funded with general fund and state special revenue funds.

**PERFORMANCE FACTORS:**

The following table summarizes the workload data contained throughout the narrative:

Maintains a roster of Counties epidemic for wildlife and domestic animal rabies. Currently, 40 Counties in Montana are known epidemic for skunk rabies.

- a. 131 - Positive rabies cases were investigated last year. This was a reduced incidence from previous years.
- b. 107 - Human post exposure treatments were given.
- c. 2 - Routine reports were produced and distributed monthly to interested persons, 450 of each.

**INCREASE OR DECREASE FROM BASE**

General fund support for the Rabies Control Program has been eliminated. It has been recommended that minimal rabies control activities be continued within the Animal Health Division and the \$15,000 per year provided by the Department of Fish, Wildlife, and Parks be continued for rabies control activities. The general fund reduction is \$83,883 for the 1993 biennium.

# MEAT/POULTRY INSPECTION PROGRAM

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Personal Services	13.00	341,976	13.00	4.00	13.00	4.00
Operating Expenses	302,781.33	112,973	357,674	82,099	439,773	81,923
Equipment	104,449.29	2,118	118,791	77,117	119,067	77,197
Total Agency Costs	4,631.65	\$457,067	2,118	1,882	2,118	-2,118
	\$411,862.27		\$478,583	\$161,098	\$478,269	\$157,002
General Fund	205,769.44	228,534	239,292	80,549	239,135	78,500
Federal Special Revenue Fund	206,092.83	228,533	239,291	80,549	239,134	78,502
Total Funding Costs	\$411,862.27	\$457,067	\$478,583	\$161,098	\$478,269	\$157,002
						317,635
						\$435,271

## OVERVIEW

The Meat/Poultry Inspection program within the Meat, Milk & Egg Inspection Division, primary functions and goals are to assure a clean, wholesome, properly labeled meat and poultry products for the consumer. This program was established as a result of H.B. 814 of the 1987 legislature (50th Session).

## AUTHORIZATION

This program's statutory functions are provided for under Title 81, Chapter 9, paragraphs 201 through 236. In addition, the department has adopted by reference the applicable sections of 9CFR (Code of Federal Regulations) 325 through 9CFR 381.311 which sets forth the Federal rules on meat and poultry inspection.

## BASE PROGRAM

### A. Inspection

The program currently performs its mission through nine (9) inspectors and one (1) compliance officer stationed throughout the state. The program uses three (3) part-time inspectors and ten (10) private veterinary practitioners on a call basis as final veterinarians at slaughter establishments.

1.) Slaughter inspection is performed on a regular scheduled basis at approved establishments that have been granted state inspection. A state inspector must be on site during the slaughter procedure. Animals/poultry carcasses and carcass organs exhibiting questionable conditions or disease symptoms are retained for final disposition by a trained contract veterinarian. All slaughtering must be under approved sanitary conditions and procedures.

2.) Processing inspection is performed on an irregular patrol basis at approved

establishments that have been granted state inspection. The state inspector monitors the further processing of inspected carcass or meat/poultry products for proper preparation, approved formulations of ingredients, and truthful labeling. All processing must be under approved sanitary conditions and procedures.

3.) Inspection of custom exempt establishments is done on a quarterly schedule. These establishments may slaughter and process product for use by the owner, members of his household, and non-paying guests. This product cannot be resold and must be plainly marked "Not for Sale". Custom exempt establishments must prepare and package product in a sanitary manner and in a sanitary facility.

4.) New inspectors receive on-the-job training under the supervision of experienced inspectors and classroom training on ante-mortem, post-mortem, and processing inspection procedures conducted by the program training officer. The program training officer has attended Federal training courses in all phases of meat inspection procedures.

### B. Sanitation

Strict sanitation standards of all establishments, facilities, equipment, procedures, and personnel are required. Meat/Poultry inspectors monitor sanitary conditions and procedures on a regular and on going basis. Strict adherence to sanitation standards and guidelines must be monitored by the inspectors during the wild game processing season.

### C. Reporting and Documentation

The entire program of inspection is guided by an inspection system work plan. This plan provides information for inspectors to utilize in accomplishing the

objectives of the inspection program. The information generated by the work plan is documented on reports regularly submitted by the inspectors.

**D. Review and Evaluation**

1.) A regularly scheduled systematic review is conducted to evaluate the manner in which in-plant inspection program personnel carry out assigned job responsibilities.

2.) A regularly scheduled systematic review is conducted to evaluate whether and how the individual plants are complying with state law, regulations, and requirements.

**E. Compliance Activities**

The compliance section provides the consumer with maximum assurance of a meat and poultry supply which is wholesome, unadulterated, and truthfully labeled. The compliance investigator has received training at the federal meat inspection area office and on-the-job training with the local federal compliance officer.

These tasks are accomplished by contacting retail outlets, hotels, restaurants, and institutions to be sure only properly labeled and inspected meat/poultry products are prepared and offered for use or resale.

**F. Labeling**

All formulation and ingredients of product and proposed labels must be submitted to the Helena office for approval prior to use.

**G. Licensing**

Establishment licenses are to be renewed on January 1st of each year. It is unlawful for a person, firm, or corporation to engage in the business of slaughtering livestock or poultry or processing, storing, or wholesaling the meat products of either without having a license issued by the department.

**BASE FUNDING**

The Meat Inspection Program is funded with a 50/50 split between the general fund and federal funds.

**PERFORMANCE INDICATORS**

The following activities occurred or were performed during calendar year 1989.

- a. Red meat slaughter facilities under state inspection - 8
- b. Poultry slaughter facilities under state inspection - 1
- c. Processing facilities under state inspection - 15
- d. Custom exempt facilities under state inspection - 166

**INCREASE OR DECREASE FROM BASE**

To keep pace with the growing number of meat facilities applying to the state under the state Meat/Poultry Inspection Program, the executive recommends an additional 4 FTE and coinciding operational expenses. The positions would be financed 50/50 general fund federal funds.

FY92 - \$170,753      FY93 - \$166,795

The executive also recommends management related changes which move .50 FTE (a .25 FTE to the Milk & Egg Program and .25 FTE to the Predator Control Program), along with .50 FTE from the Milk & Egg Program to the Meat/Poultry Inspection Program for net change of zero (0) FTE.



# 1989 STATE INSPECTED FACILITIES

## Slaughter Plant Head Count - (9 Plants)

Bulls	Cows	Steers	Heifers	Calves	Sheep	Goats	Swine	Poultry
351	238	353	297	15	342	1	1,482	679

## Processing Plant Total Poundage - (15 Plants)

Meat  
370,074 lbs  
Poultry  
6,175 lbs.

## Custom Exempt Plant Head Count & Total Poundage - (166 Plants)

Head	Beef	Bulls	Cows	Steers	Heifers	Calves	Sheep	Lambs	Goats	Swine	Poultry
lbs	2,188	59	197	835	247	9	438	243	3	2,967	8,500
	1,440,240	53,100	100,470	584,500	148,200	2,475	26,280	12,150	90	474,720	153,000 (turkeys)

## Number of Establishment Licenses Issued

Federal	State	Custom Meat	Exempt Poultry	Meat Depots
49	24	141	26	6

## Compliance Investigations

# of Reviews	# of Cases Worked
63	31

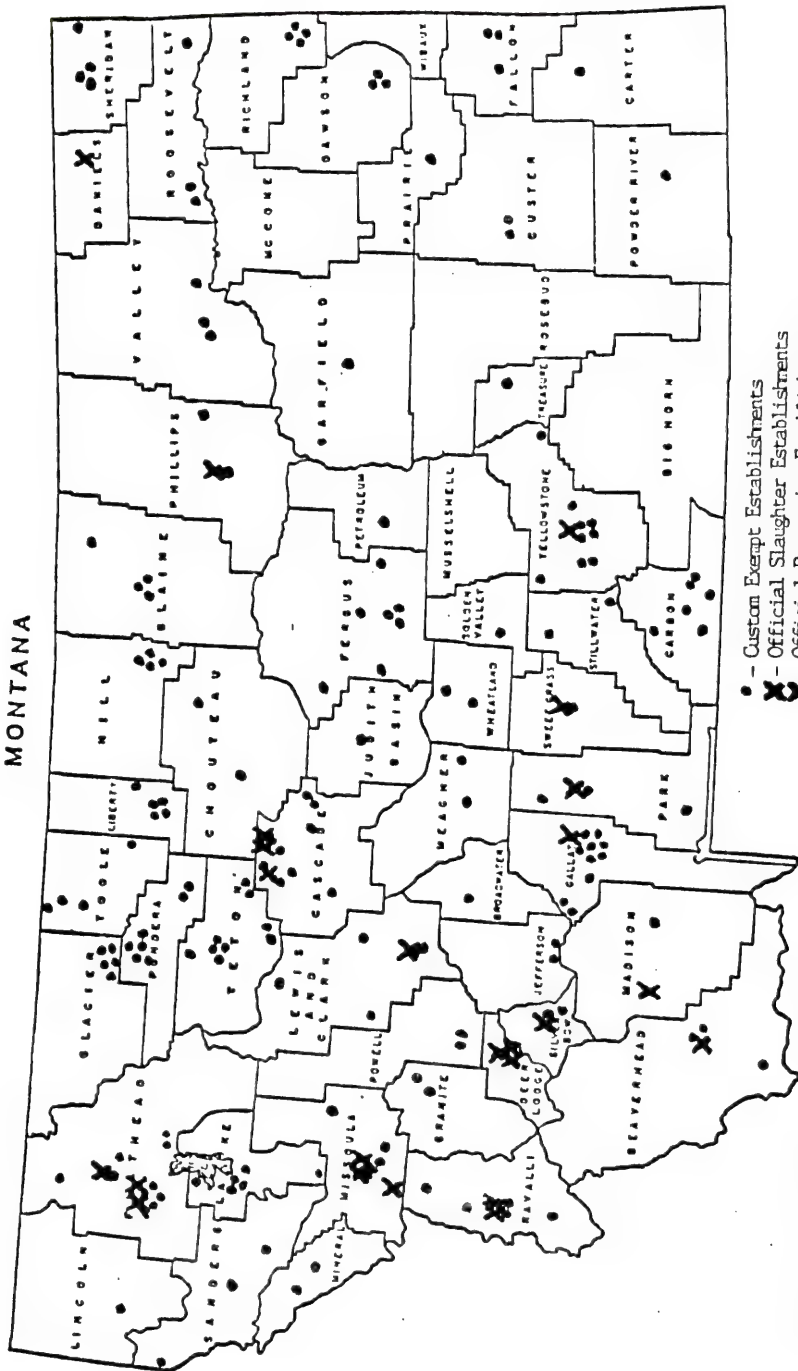
## 1988 Wild Game Harvest

Elk	Antelope	Deer	Mountain Sheep	Moose	Mountain Goats
23,362	39,290	100,726	207	595	213

Figures obtained from the Department of Fish, Wildlife, and Parks.

A large percentage of wild game carcasses are processed in licensed establishments.

# MONTANA



- - Custom Exempt Establishments
- X - Official Slaughter Establishments
- X - Official Processing Establishments

No. 1650 - County Outline Map  
STATE PUBLISHING COMPANY  
Helena









# Department of Natural Resources and Environment







# DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT

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# DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	255.86	262.20	393.98	57.37	451.35	393.98	59.75	453.73
Personal Services	6,594,686.11	7,691,716	11,786,115	1,630,964	13,417,079	11,772,637	1,692,027	13,464,664
Operating Expenses	2,290,711.40	3,491,702	17,550,948	2,889,191	20,440,139	17,569,739	2,623,344	20,193,083
Equipment	265,085.59	181,474	408,599	67,868	476,457	408,599	-26,999	381,600
Capital Outlay	713,740.62	0	5,000,000	0	5,000,000	5,000,000	0	5,000,000
Local Assistance	91,300.00	95,000	0	0	0	0	0	0
Grants	354,368.75	1,077,896	2,918,098	237,245	3,155,343	2,918,098	327,014	3,245,112
Benefits and Claims	0.00	0	3,922,802	0	3,922,802	3,922,802	0	3,922,802
Transfers	895,931.23	32,000	0	0	0	0	0	0
Debt Service	166,968.05	53,897	50,503	7,630	58,133	50,503	7,630	58,133
<b>Total Agency Costs</b>	<b>\$11,372,791.75</b>	<b>\$12,623,685</b>	<b>\$41,637,065</b>	<b>\$4,832,888</b>	<b>\$46,469,953</b>	<b>\$41,642,378</b>	<b>\$4,623,016</b>	<b>\$46,265,394</b>
General Fund	3,933,502.95	4,569,971	5,702,968	27,091	5,730,059	5,699,229	-58,012	5,641,217
State Special Revenue Fund	6,536,675.70	6,196,224	15,592,869	2,514,343	18,107,212	15,593,972	2,186,677	17,780,649
Federal Special Revenue Fund	902,613.10	1,857,490	20,341,228	2,291,454	22,532,682	20,349,177	2,494,351	22,843,528
<b>Total Funding Costs</b>	<b>\$11,372,791.75</b>	<b>\$12,623,685</b>	<b>\$41,637,065</b>	<b>\$4,832,888</b>	<b>\$46,469,953</b>	<b>\$41,642,378</b>	<b>\$4,623,016</b>	<b>\$46,265,394</b>
Centralized Services	1,517,523.39	1,668,468	1,693,148	222,290	1,915,438	1,697,110	207,065	1,904,175
Oil & Gas Regulation	819,184.33	1,141,723	1,248,844	65,268	1,314,112	1,247,550	54,022	1,301,572
Conservation/Resource Dev	2,060,265.01	1,119,674	0	0	0	0	0	0
Water Resources Division	4,516,882.41	4,762,282	3,707,858	521,115	4,228,973	3,700,300	144,952	3,845,252
Reserved Water Rights Comp Com	293,198.90	460,134	474,689	-27,065	447,624	473,841	-27,001	446,840
Energy Division	2,165,737.71	3,471,404	4,563,863	119,998	4,683,861	4,565,619	351,997	4,917,616
Reclamation Division	0.00	0	10,127,863	1,475,169	11,603,032	10,131,280	1,422,468	11,553,748
Environmental Sciences Division	0.00	0	2,289,846	18,104	2,470,950	2,290,447	179,988	2,470,435
Solid/Hazardous Waste	0.00	0	10,325,302	7,552	10,332,854	10,327,370	23,859	10,351,229
Water Quality	0.00	0	2,786,374	2,311,175	5,097,549	2,789,841	2,309,374	5,099,215
Petro Tank Release Comp. Board	0.00	0	4,419,278	-43,718	4,375,560	4,419,020	-43,703	4,375,312
<b>Total Program Costs</b>	<b>\$11,372,791.75</b>	<b>\$12,623,685</b>	<b>\$41,637,065</b>	<b>\$4,832,888</b>	<b>\$46,469,953</b>	<b>\$41,642,378</b>	<b>\$4,623,016</b>	<b>\$46,265,394</b>

## Mission and General Description

The Department of Natural Resources and Environment (DNRE) is responsible for ensuring the wise management, development, conservation, and use of some of Montana's natural resources in a manner consistent with

environmental quality. It works to sustain and improve the benefits derived from our water, soil, and air; to encourage energy conservation and the use of renewable energy resources; and to make certain that energy facilities and other projects under its jurisdiction are developed with minimum adverse environmental effects. The

department directs a wide variety of programs in meeting these and related goals and objectives. The department is provided for in Section 2-15-3301, MCA.

### Agency Organization:

The programs and functions of the Department of Natural Resources and Environment are carried out through the following major organizational units:

The Director's Office consists of the director, deputy director, legal staff, personnel/EEO officer, and information officer. The director has responsibility for all major decisions and recommendations within the jurisdiction of the department and for its overall management. In addition to policy and management direction, the Director's Office also provides the legal, public information, and personnel support functions of the department.

The Board of Natural Resources and Environment (BNRE) is a quasi-judiciary board consisting of seven members appointed by the Governor. The BNRE adopts administrative rules and has statutorily assigned quasi-judicial functions. It has specific responsibilities under various statutes administered by the department. The BNRE also acts in an advisory capacity to the department.

The Centralized Services Division's areas of responsibility include management of financial activities, management and coordination of information systems, production and coordination of publications and graphic materials, and general administrative support services.

The Energy Division administers the Montana Major Facility Siting Act (MFSa), the Alternative Energy Grant and Loan Program, the State Buildings Energy Program, the Energy Emergency Powers Act, and federally sponsored energy conservation programs. These responsibilities are carried out by the Facility Siting Bureau, the Planning and Analysis Bureau, the Conservation and Renewable Energy Bureau, and the immediate staff of the division administrator.

The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. The division administers these programs through two individual bureaus, in addition to a dam safety staff and the immediate staff of the division administrator. The division also develops and recommends water policy to the director, Governor, and the legislature.

The two bureaus of the division are the Water Rights Bureau, and the Water Management Bureau. The Water Rights Bureau administers a permit system for new water use and for changes of existing water use. It is responsible for maintaining all existing water rights records. It also provides technical and administrative support for the water courts. The Water Management Bureau administers Montana's water planning responsibilities, which include ensuring that Montana's interests are represented in national water policy and federal water resources programs and projects conducted in Montana. The division also assists the Board of Water Well Contractors in the licensing of well drillers and the development and enforcement of well construction standards.

Under the proposed reorganization, the Water Quality Bureau would become part of the Water Resources Division. The Water Quality Bureau is responsible for the protection of public health and environmental quality of Montana's water resources. The bureau's programs are responsible for the proper implementation of various statutes and administrative rules regarding the state's water quality.

The Oil and Gas Conservation Division administers Montana oil and gas laws to promote conservation and prevent wasteful practices in the recovery of these resources. The division also regulates Class II (oil and gas) injection wells, subject to approval by the U.S. Environmental Protection Agency, and seismic exploration. The division is headed by the Board of Oil and Gas Conservation, a seven member quasi-judicial board. The board and division is attached to DNRE for administrative purposes only.

The Reserved Water Rights Compact Commission negotiates

with federal agencies and Indian tribes concerning reserved water rights. The commission is attached to the Governor's Office, and by executive action the staff for the commission is located as a separate unit in DNRE for administrative purposes.

The Reclamation Division is responsible for the administration and enforcement of all of Montana's mine land reclamation statutes and administrative rules. The division administers these responsibilities with the administrator's staff and through four bureaus: the Opencut Mining Bureau, Coal and Uranium Bureau, Abandoned Mine Reclamation Bureau, and the Hard Rock Bureau.

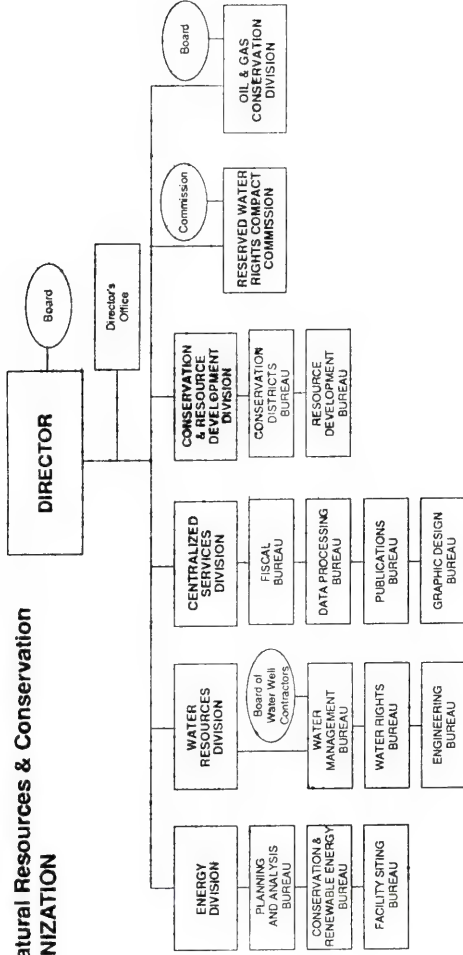
The reclamation administration is responsible for the overall management, policy development, coordination and evaluation of all programs within the division. The Opencut Mining Bureau requires and evaluates reclamation on opencut mines. Based upon these evaluations, the bureau must determine whether to issue or deny permit applications. The Coal and Uranium Bureau is responsible for administering various statutes with respect to coal and uranium mine regulations. This involves issuing or denying mining permits, completing compliance evaluations, and analyzing plans for mining operations and reclamation of mines and prospecting sites. The Abandoned Mine Reclamation Bureau's function is to reclaim lands and water resources which have been adversely affected by past mining practices where there is no continuing reclamation responsibility. The Hard Rock Bureau is responsible for administering the Metal Mine Reclamation Act and supplemental statutes. This involves technical, scientific and legal analysis of mining, operations, and reclamation plans on mines and prospecting sites for compliance with the Act.

The Environmental Sciences Division oversees the programs in the Air Quality, Underground Storage Tanks, Hazardous Waste, and Solid Waste Bureaus. The Air Quality Bureau is responsible for maintaining safe outdoor air quality levels through permit review, inspections, monitoring and information dissemination. The Underground Storage Tanks Bureau administers statutes that establish the framework for reporting, monitoring, responding to leaking underground storage tanks, and implementing tank design and installation standards.

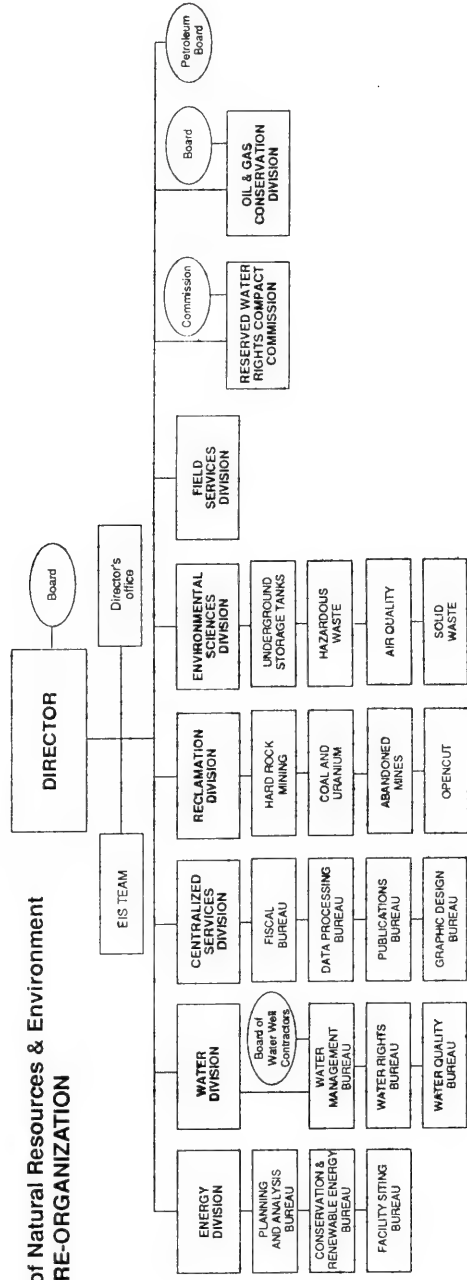
The Hazardous Waste Bureau administers a regulatory program that controls the generation, transportation, treatment, storage and disposal of hazardous wastes. It participates in the administration of the federal Superfund program and administers the state Superfund Act. The Solid Waste Bureau has various regulating responsibilities for local governmental and private solid waste management systems. It also provides technical assistance regarding recycling and special waste management. It also administers the control of junk vehicle disposal and the shielding of disposal sites.

The department's main offices are located in Helena. The Water Resources Division has field offices in Billings, Bozeman, Glasgow, Havre, Helena, Kalispell, Lewistown, Miles City, and Missoula. The Board of Oil and Gas's main office is in Billings with an administrative office in Helena. There are also field inspector offices in Glendive, Plentywood, Roundup, and Shelby. The Reclamation Division has three employees located in Billings. The Environmental Sciences Division has two employees in Billings.

# Department of Natural Resources & Conservation EXISTING ORGANIZATION



# Department of Natural Resources & Environment PROPOSED RE-ORGANIZATION





# CENTRALIZED SERVICES

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	-----		-----		-----		-----	
			Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended	Base	Recommended
Personal Services	1,098,744.65	1,235,505	1,243,027	189,755	1,432,782	1,240,969	189,571	1,430,540	1,240,969	1,430,540
Operating Expenses	391,359.15	417,332	434,490	27,499	461,989	440,510	12,413	452,923	440,510	452,923
Equipment	16,774.46	5,214	5,214	879	6,093	5,214	924	6,138	5,214	6,138
Debt Service	10,645.13	10,417	10,417	4,157	14,574	10,417	4,157	14,574	10,417	14,574
<b>Total Agency Costs</b>	<b>\$1,517,523.39</b>	<b>\$1,668,468</b>	<b>\$1,693,148</b>	<b>\$222,290</b>	<b>\$1,915,438</b>	<b>\$1,693,110</b>	<b>\$207,065</b>	<b>\$1,904,175</b>	<b>\$1,693,110</b>	<b>\$1,904,175</b>
General Fund	1,091,197.39	1,249,254	1,291,042	172,957	1,463,999	1,295,015	161,476	1,456,491	1,295,015	1,456,491
State Special Revenue Fund	398,326.00	470,214	402,106	-71,341	330,765	402,095	-75,128	326,967	402,095	326,967
Federal Special Revenue Fund	38,000.00	19,000	0	120,674	120,674	0	120,717	120,717	0	120,717
<b>Total Funding Costs</b>	<b>\$1,517,523.39</b>	<b>\$1,668,468</b>	<b>\$1,693,148</b>	<b>\$222,290</b>	<b>\$1,915,438</b>	<b>\$1,693,110</b>	<b>\$207,065</b>	<b>\$1,904,175</b>	<b>\$1,693,110</b>	<b>\$1,904,175</b>

## Overview

The Centralized Services program provides managerial and administrative support services essential to the effective operation of the department. The support services provided include: policy and management direction, legal services, personnel services, public information services, management and coordination of information system, coordination and production of publications and graphic materials, and general administrative support services.

## Goals

- o Promote the wise use and development of soil, water, and energy resources in a manner consistent with environmental quality.
- o Ensure that resource policies are set and implemented in such a way that they are consistent with law and executive policy most beneficial to Montanans, and sensitive to the involvement of interested citizens and groups.
- o Manage the department in a way that makes the best use of human and physical resources, promotes efficiency

and productivity, and exhibits an open and creative environment.

- o Achieve a broad understanding of department programs and foster cooperation and efficiency in managing Montana's natural resources.
- o Provide the necessary policies and procedures to foster the hiring, administration and retention of a qualified workforce.
- o Ensure that adequate, accurate, and consistent information exists to achieve maximum citizen awareness and involvement in DNRE decisions and activities.
- o Assure proper preparation, formulation and enactment of laws related to the constitution and statutory functions of the agency.
- o Assure department compliance with the administrative procedures act and applicable due process and constitutional requirements in the implementation of the agency's statutory duties in all administrative forms.

- o Provide general legal assistance to assure effective daily operation of the department.
- o Assure proper preparation and representation in all trial and appellate courts involving department litigation.
- o Provide coordination and assistance to the divisions in the preparation of the department's budget.
- o Ensure that department contracts receive timely review.
- o Ensure timely and efficient administrative support services are provided to department personnel.
- o Provide timely and accurate financial information to program managers, department management, governor's office, and the legislature through coordination of financial services.
- o Provide the department with the necessary data processing expertise and equipment to meet current and future needs.

o Provide the skill and expertise necessary to produce quality publications and reports consistent with the department's needs.

### Authorization

2-15-3301.MCA  
Establishes the Department of Natural Resources and Environment.

2-15-3302.MCA  
Establishes the Board of Natural Resources and Environment.

### Base Program

The Centralized Services Program provides managerial and administrative support services. The program has three components; the Board of Natural Resources and Environment (BNRE), the Director's Office, and the

### Centralized Services Division (CSD).

The BNRE adopts administrative rules and has statutorily assigned quasi-judicial functions. Under base funding, the BNRE meets five times a year to consider their statutory functions which include final authority for approving reservations of water under the Montana Water Use Act, for approving the siting of energy developments covered by the Major Facility Siting Act, and for approving floodplain delineations under the Montana Floodplain and Floodway Management Act. The BNRE also acts in an advisory capacity to the department in all other matters.

The Director's Office provides overall management and policy direction to the department. In addition, it also provides legal services, public information, and personnel support functions.

- o The director and deputy director have responsibility for all major decisions and recommendations within the jurisdiction of the department and for its overall management. They meet this responsibility by:
  - Developing policies and proposing legislation to promote the prudent use of Montana's water, soil and energy resources.
  - Ensuring that the decisions and activities of the department are consistent with law, rules, and standards of prudent management, environmental quality, and public involvement.
  - Meeting frequently with concerned citizens and organizations to explain department programs and solicit public views.
  - Providing the information and staff support necessary for the BNRE to perform its responsibilities effectively.
  - Providing department managers a clear understanding of policies, goals, priorities, and expected accomplishments.
  - Developing and managing a budget which reflects a close scrutiny of the public value of department programs and the funding for the programs.



- Actively promoting cooperative endeavors among state and federal natural resource agencies to ensure consistent policies and the most efficient use of staff and money.
- o The personnel/EEO officer provides guidance and advice on matters pertaining to the necessary policies and procedures related to personnel matters. Under base funding, this would include the following provided by the personnel officer and a secretary:
  - Coordinating the directives received from the State Personnel Division.
  - Personneling recruiting and hiring activities, approximately 50-60 each year.
  - Interpreting classification and pay plan policies.
  - Developing EEO and Affirmative Action reports and plans.
  - Reviewing and classifying position descriptions, approximately 60 per year.
  - Continue refinement and implementation of the work planning and performance appraisal system.
  - Coordinating any needed training for department managers.
  - Reviewing, interpreting, and ensuring compliance with personnel policies and procedures.

o The information officer has the responsibility to provide adequate, accurate, and consistent information to achieve citizen awareness and involvement in department decisions and activities. Under base funding, the information officer has as his objectives preparing 80-85 news releases or public notices, achieving 15-20 personal contacts with the media, producing 3 public information documents, and reviewing 30 intergovernmental notices or documents.

o The legal staff provides legal services to the various divisions of the department in achieving their goals which includes the responsibility for the defense and prosecution of the laws administered by the department. Under base funding, the objective of the legal staff's 6 FTE (5 attorneys and an administrative assistant) will be to provide services

in the following areas: litigation, legislation, administrative, and general legal assistance. The objective of the 5 attorneys will be to provide 45% of attorney-hours of agency general legal services (including contract review and negotiations, written legal memorandums and opinions, and daily consultations with agency and governmental staff), 20% of attorney-hours of litigation (including prosecution or defense of civil actions, administrative appeals, and amicus curiae cases, and settlement of civil actions and administrative appeals), 15% of attorney-hours of legislation (including drafting, coordinating and monitoring agency and agency related legislation), and 20% of attorney-hours of administrative law services (including agency related quasi-judicial and rule-making activities). The objective of the administrative assistant will be to provide 40% of working-hours of word processing service, 15% of working-hours of filing service, 40% of working-hours of administrative services, and 5% of working-hours of mail handling services.

The Centralized Services Division provides administrative support services in the following areas: management of financial activities, management and coordination of information systems, coordination and production of publications and graphic materials, and general administrative services.

o The Fiscal Bureau provides centralized financial management services to the department and assists other users of financial data both within and outside of state government. Under base funding, the bureau's 7.5 FTEs are responsible for the development, implementation, and maintenance of accounting and reporting systems; a system of internal controls; and other procedures necessary to ensure timely and accurate accounting and reporting in compliance with generally accepted accounting principles and related state and federal laws, policies, and procedures. Examples of duties are payment of vendor invoices, payroll preparation and administration of employee benefits, processing revenue collections, loan program accounting, cash and investment management, internal audits, property accounting and inventory control.

fiscal management of state and federal grants and contracts, and accounting for bonded and other long-term debt.

o The Data Processing Bureau provides management and coordination of the department's information system. Under base funding, the bureau's 8.0 FTEs are responsible for data entry; system analysis, design, and development; coordinating word processing hardware and software; and providing training and assistance to department employees in using the computer system.

o The Publications Bureau provides technical writing and editing services to department publications. Under base funding, the bureau's 4.0 FTE's are responsible for arranging for appropriate reviews and approvals before materials are published, research and original writing, editing and rewriting, summarizing and abstracting, proofreading, and coordinating with cartographic and typesetting services. In addition, maintenance of the DNRE archive collection and the Water Resources Division library has been added to the bureau secretary's responsibilities.

o The Graphic Design Bureau provides cartographic and graphic arts services for department publications. Under base funding, the bureau's 4.0 FTEs are responsible for drafting maps, figures, charts, and graphs; creative design of art work; construction of visual displays; design and layout of publications for printing; coordination and monitoring of outside printing services; and liaison with vendors who provide printing of department publications.

o The administrative unit provides managerial direction in the provision of support services to the department. Under base funding, the unit's 4.0 FTEs responsibilities include division management, secretarial duties, budget analysis, budget preparation and coordination, fiscal note coordination, building maintenance coordination, contract and purchasing review, research center coordination, and a wide variety of miscellaneous duties.

## Base Funding

The Centralized Services Program is funded from a variety of sources. The general fund is the major funding source. Allocations are made from the department's state special revenue accounts based on a percentage of the appropriation requested by the programs for their activities. The percentages range from 5% to 11% depending on the nature of the program. Those programs that involve the more complicated activities are assessed at a higher rate than programs with less complicated activities. The funding received for the 1990-91 biennium was a modification of the above. The final funding in most cases used the above method, but adjustments were made in the amounts allocated from the grant programs' accounting entities based on the availability of funds and leaving a sufficient balance for grants.

All federal indirect revenues received from current programs are deposited in the general fund. This procedure was implemented due to the de-earmarking of the federal revenue accounting entity by the 1989 legislature. Due to the uncertainty of the amount of oil overcharge money available for the 1992-93 biennium, that source of funding is not used for the 1992-1993 biennium. Any oil overcharge money received for indirect costs will be deposited in the general fund.

The disposition of federal indirect revenue from programs associated with the Governor's reorganization has not been determined at this time.

The performance indicators listed on the following pages are only those associated with CSD's pre-reorganization activities.

# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
<u>Board of Natural Resources and Environment</u>				
Board Meetings	5	5	5	5
<u>Personnel Actions</u>				
Hirings Completed	60	50	50	50
Position Descriptions Reviewed	62	60	60	60
Affirmative Action Plans	1		1	
<u>Public Information</u>				
News Releases/Public Notices Prepared	80	85	80	85
Personal Contacts with Media	17	21	15	18
Public Information Documents Produced	3	3	3	3
Intergovernmental Notices/Documents Reviewed	25	25	30	30
<u>Contract Review</u>				
Review All Contracts/Amendments	340+	340+	340+	340+
<u>Financial Management</u>				
Accounting Documents Processed	8750	8750	8750	8750
PAMS Forms Processed	300	300	300	300
Requests for Bids Solicited/Award	45	45	45	45
Purchase Orders/Requisitions Processed	130	130	130	130
Monthly, Quarterly, Annual Financial Statements Prepared	160	160	160	160
Grants/Contracts Monitored	255	255	255	255
Loans Monitored	190	190	190	190
Bond Indebtedness Financial Statements Prepared Quarterly	6	6	6	6
Audits Performed	0	6	6	7
Payrolls Processed	26	26	26	26
Payroll/Position Control Change Forms Processed	600	600	600	600
<u>Information Systems Management</u>				
Requests for Development of New Applications and Enhancements	92	92	92	92
Requests for Data Base Updates or Report Production	1632	1632	1632	1632
Tape Storage Backups	64	64	64	64
Document Restorations	50	50	50	50
Data Entry Requests	860	860	860	860

Publication Activities				
Publications Produced				
Archive Collection Cataloged				
WRD Library New Documents Indexed	132	116	115+	115+
	100	100	100	100
	75	75	75	75
Research Center Coordination				
New Titles Ordered, Cataloged and Distributed	125	125	125	125

## Increase or Decrease from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Reorganization	The Governor's proposed reorganization would transfer 8.00 FTE from DHES's Centralized Services Division.	\$194,568	\$194,397
	The department was allocated funds for the potential cost associated with relocating the Department of Administration and Department of Commerce programs currently in the Metcalf building.	\$15,000	
Reallocation	Money budget for the Department's computer system in the Conservation and Resource Development Division and the Engineering Bureau along with money budgeted for the Corps of Engineers is being reallocated.	\$10,272	\$10,272
Miscellaneous	An increase in Workers Compensation rates accounts for this increase.	\$2,450	\$2,396

# Oil & Gas Regulation

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	26.00	26.00	26.00	.00	26.00	.00	26.00
Personal Services	521,210.36	732,407	740,749	1,641	741,890	1,641	740,481
Operating Expenses	256,415.60	358,114	457,393	45,428	502,821	34,526	492,034
Equipment	40,431.33	49,975	49,975	18,446	68,421	18,102	68,077
Debt Service	1,127.04	1,227	1,227	-247	980	-247	980
Total Agency Costs	\$819,184.33	\$1,141,723	\$1,248,844	\$65,268	\$1,314,112	\$54,022	\$1,301,572
State Special Revenue Fund	819,184.33	1,141,723	1,248,844	65,268	1,314,112	54,022	1,301,572
Total Funding Costs	\$819,184.33	\$1,141,723	\$1,248,844	\$65,268	\$1,314,112	\$54,022	\$1,301,572

## Overview

The Oil and Gas Regulation Program administers the Montana Oil and Gas Conservation laws to promote conservation and to prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. Activities to meet this goal include 1) issuance of drilling permits; 2) classification of wells; 3) establishment of well spacing units and pooling orders; 4) inspection of drilling, production, and seismic operations; 5) investigation of complaints; 6) engineering studies; 7) collection and maintenance of complete well data and production information; and 8) administration of the federally delegated Underground Injection Control Program upon receiving primacy of the program from the Environmental Protection Agency.

## Goals

- o To issue drilling permits in a timely manner, identify those non-conforming permit requests which require Board approval, and prepare MEPA documentation for permits on non-federally supervised lands.
- o To regulate development of oil and gas fields to insure compliance with Board rules and accepted industry practice and maximize the efficient recovery of Montana's

oil and gas resources.

- o To collect, catalog and maintain oil and gas well information and production data, associated geological data and well logs and statistical information and summary data for use by the public and the industry.

- o To operate a field inspection program to insure compliance with the Board's rules and to resolve complaints and gather accurate field information for use by the Board and staff in making decisions.

- o To establish and administer the EPA delegated Underground Injection Control Program for the protection of ground water through regulation of waste disposal and enhanced recovery injection wells.

- o To administer the Oil and Gas Production Damage Mitigation Account to assure timely plugging and restoration of oil and gas wells when a responsible person cannot be found or does not have sufficient funds to pay the plugging and restoration costs.

## Authorization

82-11-111, MCA

Establishes the powers and duties of the Board of Oil and Gas Conservation relative to conservation and prevention

of waste through regulation of oil and gas exploration and production.

82-11-111(5), MCA  
Establishes jurisdiction of Class II injection wells by the Board of Oil and Gas Conservation.

82-11-161, MCA  
Establishes the Oil and Gas Production Damage Mitigation Account per HB143, adopted by the 1989 Legislature.

17-7-502, MCA  
Establishes a statutory appropriation for expenditures from the Oil and Gas Production Damage Mitigation Account.

82-11-135, MCA  
Provides that all money collected under Title 82, Chapter 11 be deposited in the state special revenue fund for the sole purpose of funding the operations of the Board of Oil and Gas Conservation.

82-1-101, MCA  
Establishes the Board's authority regarding regulation of seismic exploration.

### Base Program

The drilling permit program provides the mechanism to insure that oil and gas drilling proposals in Montana meet the regulatory requirements of the Board and accepted industry operating procedures. The program also insures that non-conforming drilling proposals are approved only after a public hearing before the Board. About 400 to 450 drilling permits are issued each year. As a result of the adoption of the Programmatic EIS by the Board at the end of 1989, this program also involves review of potential environmental impacts and preparation of a MEPA compliance document appropriate to the proposed activity and the attendant impacts, if any. This is a new activity and is included as an increase to base in the FY 92/93 budget.

The field development program is the regulatory program which addresses efficient development of the resources,

prevention of both physical and economic waste by prohibiting unnecessary wells, and the protection of the correlative rights of the various interest owners in a field or pool. Board hearings are held to determine appropriate spacing, well location requirements, and other field rules. Hearings are held approximately 8 times per year. About 90 individual dockets are heard each year. In addition to the public hearing process, this program includes staff activities that result in review, approval, or rejection of operator proposals to perform well workovers, re-completions, well abandonments, and similar requests. About 600 such notices are processed each year. Records of bonds and authorized operators are maintained for each well in the state; approximately 600 bonds are currently on file.

The Board and its staff administer the Natural Gas Policy Act to determine maximum lawful price for gas production from non-federally supervised wells in Montana. Approximately 200 to 250 NGPA applications are processed each year.

The development program includes response to environmental problems resulting from leaks, spills, improperly plugged wells, and in support of other government agencies by providing appropriate expertise.

The Division maintains well, field and geological information in support of its data collection program. A computer database contains information on the approximately 30,000 wells drilled in the state to date. Production records are stored for all producing wells in the state. Well records are maintained in Billings for all wells in the state, and in Shelby for wells in the Northern District. Cutting samples and core chips for approximately 11,600 key wells are stored in Billings for public use and inspection. The Board publishes quarterly statistical reports on oil and gas production, and an annual review that summarizes the years activities, and provides information about each active field in the state.

The Division maintains 16 regional and approximately 150 field maps of the major oil and gas fields; all maps are available for public use and may be copied. Also



available for public use and copying are production graphs for each of about 400 fields and enhanced recovery projects.

The Board's field inspection program is designed to insure that producing properties, drilling wells and abandoned wells are in compliance with the appropriate rules. Seismic crews operating in the state are also inspected to insure the permitting requirements are met and that shot holes are properly plugged. All abandoned well locations are inspected prior to bond release to insure that reclamation is adequate. Inspectors witness well plugging and various workover operations as well as drilling operations and construction activities.

Inspectors respond to complaints by landowners, investigate spills and leaks, provide recommendations for enforcement actions and provide reports and data in support of the regulatory program. Approximately 2100 producing well inspections are made and 250 drilling operations are inspected each year. About 300 abandoned well inspections are made and about 20 seismic crews are inspected during the year.

The Underground Injection Control Program has not been delegated as yet to the Board. Upon delegation, however this program involves issuance of permits to dispose of oil field waste by well injection, or to operate a project that injects fluids for enhanced recovery purpose. The program requires inspection and pressure testing of each injection well at least once each five years, or whenever the mechanical components of the well are changed or repaired. There are record keeping requirements associated with the program including monthly reports of quantities and injection pressures for each well. Quarterly and annual reports must be filed with EPA, and records of enforcement actions must also be reported periodically. There are approximately 1400 injection wells in Montana.

The Oil and Gas Production Damage Mitigation Account, established in 1989 by HB143, provides the authority and statutory appropriation for plugging oil and gas wells when a responsible person cannot be found or when the responsible person does not have sufficient financial resources. The legislation also provided for the removal

of producing wells completed after June 30, 1989 from the drilling bond, upon payment of a \$125 fee and proof that the well is subject to the Resource Indemnity Trust tax. The Board has compiled an inventory of approximately 2,500 wells drilled before drilling bonds were required that are either not plugged or there is insufficient information available to determine if properly plugged. This inventory, together with field inspection verification, will provide the basis for developing a prioritized list of wells which are unplugged or otherwise creating a hazard or nuisance and which are eligible to be plugged under this program or candidates for application to the RDGP grants program.

### **Base Funding**

The operations of the Oil and Gas Conservation Division are totally funded by the Oil and Gas state special revenue account pursuant to 82-11-135, MCA. The primary revenue sources for this account are (1) the privilege and license tax assessed at the rate of .2% of the value of oil and gas produced and sold, and (2) drilling permit fees. Upon receiving primacy of the Underground Injection Control Program, a third major source of revenue will be an annual permit fee for underground injection wells. The fee will likely be between \$200 and \$300 per well and will generate approximately \$280,000 per year.

Pursuant to HB143, adopted by the 1989 Legislature, the Oil and Gas Production Damage Mitigation Account was established and codified under 82-11-161, MCA, for the purpose of plugging abandoned wells where the responsible party cannot be identified or located or does not have sufficient funds to pay the costs. On July 1, 1991, and at the beginning of each succeeding biennium, \$50,000 from the RIF interest income is to be deposited into the account up to a cap of \$200,000. Bond forfeiture moneys and filing fees collected pursuant to 82-11-162, MCA, are also to be deposited to this account.



# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
<u>Drilling Permits</u>				
Permits issued	373	400	400	400
<u>Development Activities</u>				
Hearings	8	8	8	8
Orders issued	60	90	90	90
Sundry notices approved	600	600	600	600
Bonds on file	600	600	600	600
New bonds approved	100	100	100	100
NGPA applications	200	200	200	200
Rule revisions	3	3	3	3
Emergency responses	2	2	2	2
<u>Oil and Gas Data</u>				
New well data processed(wells completed)	350	400	400	400
Production reports processed	120,000	120,000	120,000	120,000
Decline curves calculated and maintained	400	400	400	400
Publications: Qtrly Stat, Bulletin, Annual Review(subscribers)	800	800	800	800
Core chip cataloging(new wells added)	150	150	150	150
Regional maps, Field maps(new well & status changes)	1,000	1,000	1,000	1,000
<u>Inspections</u>				
Drilling inspections	250	250	250	250
Producing well inspections	2,100	2,100	2,100	2,100
P & A inspections	300	300	300	300
Seis crew inspections	20	20	20	20
<u>UIC Program</u>				
New UIC permits	--	30	30	30
Witness pressure tests	--	280	280	280
Inspect existing inj. wells	--	1,000	1,000	1,000

# Increase or Decrease from Base

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Modification Request: Oil & Gas EIS/MEPA Compliance	This modification request is to provide a budget for the board to meet its MEPA compliance and rule revision obligations resulting from the Oil & Gas Programmatic Review adopted 12-23-89 pursuant to SB184 (Laws of 1987) and SB 201 (Laws of 1989).	\$50,000	\$50,000
Legal Fees	Attorney fees and expenditures which District Judge Robert S. Keller ordered the board to pay in cause No. DV-89-412B pursuant to legislative appropriation in accordance with Sec. 2-9-315, MCA.	9,962	
Miscellaneous	Miscellaneous adjustments to cover increased costs resulting from workers' compensation premium increases and inflation.	5,306	4,022
		<u>\$62,268</u>	<u>\$54,022</u>

# WATER RESOURCES DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	121.20	124.20	101.20	5.00	106.20	101.20	5.00	106.20
Personal Services	3,180,610.41	3,573,972	2,883,973	166,975	3,050,948	2,879,575	166,784	3,046,359
Operating Expenses	863,192.11	1,059,087	690,265	420,140	1,110,405	667,105	44,168	731,273
Equipment	123,215.94	84,297	122,394	-84,000	38,394	122,394	-84,000	38,394
Grants	0.00	0	0	18,000	18,000	0	18,000	18,000
Transfers	338,521.23	32,000	0	0	0	0	0	0
Debt Service	11,342.72	12,926	11,226	0	11,226	11,226	0	11,226
<b>Total Agency Costs</b>	<b>\$4,516,882.41</b>	<b>\$4,762,282</b>	<b>\$3,707,858</b>	<b>\$521,115</b>	<b>\$4,228,973</b>	<b>\$3,700,300</b>	<b>\$144,952</b>	<b>\$3,845,252</b>
General Fund	2,263,900.00	2,552,845	2,577,094	-19,823	2,557,271	2,570,059	-20,716	2,549,343
State Special Revenue Fund	2,214,050.40	2,157,145	1,130,764	488,646	1,619,410	1,130,241	113,376	1,243,617
Federal Special Revenue Fund	38,932.01	52,292	0	52,292	52,292	0	52,292	52,292
<b>Total Funding Costs</b>	<b>\$4,516,882.41</b>	<b>\$4,762,282</b>	<b>\$3,707,858</b>	<b>\$521,115</b>	<b>\$4,228,973</b>	<b>\$3,700,300</b>	<b>\$144,952</b>	<b>\$3,845,252</b>

## Overview

The Water Resources Division is responsible for and administers a wide variety of programs associated with Montana's water and its use, development, and protection. The division administers Montana's water right permit process, assists the water courts in adjudicating existing water rights, prepares the state water plan, administers the Montana floodplain management program, carries out river basin studies, administers weather modification licensing and permitting, administers the

Montana Dam Safety Act, provides assistance to the Board of Water Well Contractors, conducts interstate and international water allocation negotiation and administration, directs drought planning and mitigation, coordinates Montana's water reservation process, and conducts special water management, water development, and groundwater availability studies.

The division consists of an administration unit with an attached dam safety compliance staff and two bureaus: Water Management Bureau and Water Rights Bureau.

# ADMINISTRATION/DAM SAFETY

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
	8.50	8.50	Base	Incr/Decr	Base	Incr/Decr
Personal Services	258,632.37	303,336	295,329	678	294,679	675
Operating Expenses	71,698.72	79,523	86,798	77	87,117	34
Equipment	11,480.91	1,984	1,434	0	1,434	0
Debt Service	2,495.00	2,080	2,080	0	2,080	0
<b>Total Agency Costs</b>	<b>\$344,307.00</b>	<b>\$386,923</b>	<b>\$385,641</b>	<b>\$755</b>	<b>\$385,310</b>	<b>\$709</b>
General Fund	18,766.38	176,980	172,707	408	172,384	402
State Special Revenue Fund	375,540.62	209,943	212,934	347	212,926	307
<b>Total Funding Costs</b>	<b>\$344,307.00</b>	<b>\$386,923</b>	<b>\$385,641</b>	<b>\$755</b>	<b>\$385,310</b>	<b>\$709</b>

## Goals

o To successfully administer all water resource programs as mandated by the Montana Legislature. These programs include water reservations, the state water plan, weather modification, assistance to the Board of Water Well Contractors, groundwater management, dam safety, water rights, water right adjudication, and basin closures.

o To make recommendations to the department director, governor and legislature regarding water resource policy. These recommendations include components for the state water plan, water purchasing and leasing policy, positions on interstate and international negotiations and allocations, legislative changes, and other issues pertinent to improving the state's water resource management.

o To manage the division's programs and budget in such a manner as to provide the people of Montana with the best possible service and return for the cost of the program.

o To ensure that Montana's interests in water management are considered in regional and interstate water resource organizations and in congressional

## actions.

o To ensure that Montana's water resource interests are protected during discussion, negotiations, and litigation with other basin states, federal agencies, and three Canadian provinces (British Columbia, Alberta, and Saskatchewan).

o To secure federal funds for Montana's water management programs.

o To accurately and efficiently review applications for construction and operation of high-hazard dams.

o To monitor the construction and rehabilitation of high-hazard dams to ensure dam safety compliance.

o To evaluate and formulate standards for construction, operation, and maintenance of high-hazard dams.

o To perform hazard classifications of dams in an efficient and timely manner.

o To educate dam owners about dam safety.

o To establish and maintain an inventory of regulated dams.

## Authorization

MCA Title 85, Chap. 15

Ensure the safety of non-federal dams of 50 acre-feet or more by regulating the construction, operation, and maintenance of dams where failure would likely cause loss of life.

85-1-101, 85-1-223, 85-20-101-85-20-121, and 85-2-601-85-2-608

The DNRE has the authority to negotiate with other states and the United States government in the preparation of interstate compacts or agreements governing the distribution and allocation of waters that cross interstate boundaries. The DNRE is also responsible for the administration of the Yellowstone River Compact, which divides the flows of the interstate tributaries of the Yellowstone River among Montana, Wyoming, and part of the mainstem flows between North Dakota and Montana. In addition, the DNRE--acting on behalf of the state--has the authority to effect full use, conservation, and protection of its water resources as a sovereign power.

## Base Program

The Administration Unit consists of the division administrator and his immediate staff. The unit provides leadership, management, technical guidance, and administrative support to the Water Resources Division's various programs. The unit also proposes water policy recommendations to the director, governor, and legislature and carries out special projects and assignments as directed. It manages the division budget, oversees the operation and personnel management of the division, ensures compliance with federal and state laws and established policy, and provides division secretarial support.

Montana water management interests need to be included in the activities of regional water resource organizations, including the Western States Water Council, the Missouri River Basin States Association, and Columbia River Basin

interests. Because water does not respect political boundaries, it is critical that Montana be represented in regional activities as well as in congressional actions that affect Montana water resources.

It is necessary to work closely with the other Missouri River and Columbia River basin states and federal agencies that have management responsibilities in the basins to ensure that Montana's interests are protected. The state must develop and actively pursue a strategy for receiving Pick-Sloan benefits, such as a revenue stream into the state, rehabilitation of infrastructure on existing water projects, and inexpensive Pick-Sloan power for Montana electric customers. The state also needs to work closely with the upper and lower basin states to make sure that the Master Manuals that control the operation of the river systems take Montana's needs into account. Finally, the DNRE must make sure that the state is in a strong position in the advent of an interstate apportionment proceeding, whether it be equitable apportionment, congressional apportionment, or negotiations.

The Dam Safety Program involves classifying dams for which applications for classification have been submitted; evaluating and approving high-hazard dam designs, construction plans, and specifications submitted with construction permit applications; evaluating and approving operation, maintenance, and emergency plans for high-hazard dam operating permits; monitoring construction and rehabilitation work on high-hazard dams; and formulating and evaluating construction standards and operation procedures for high-hazard dams.

## Base Funding

The Water Resources Division receives funding from the general fund, a variety of state special revenue funds, and a small amount from the federal government. The Administration Unit/Dam Safety activity group is funded in FY 91 by the general fund (01100) for \$176,980 and state special revenue funds of \$209,943. A similar configuration is proposed for fiscal years 1992 and 1993.

## Performance Indicators

Performance indicators for the Administration Unit do not readily lend themselves to specific quantification. However, performance expectations do expressly exist and include the following:

- o Water policy proposals are prepared in a timely manner as requested by the director, governor, or legislature.
- o Montana water resources are properly protected in interstate and international water allocation issues.
- o Regional activities give appropriate consideration to Montana water resource concerns.
- o Program budgets are reviewed and budget summary reports are prepared monthly.
- o Montana receives a proportional share of federal funds for its water resource activities.
- o Recruitment activities are carefully monitored to ensure compliance with state statutes and established policies.
- o Secretarial support is provided to all division programs and equalized among those programs.

The Dam Safety activity is more adaptable to quantification and includes the following:

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Perform hazard classification within 60 days	22	15	15	15
Approve construction permits (permits required for Corps-inspected, high-hazard dams after July 1990)	3	10	10	10
Approve operation permits (permits required for non-Corps-inspected, high-hazard dams after October 1990, and Corps-inspected dams after July 1995)	2	15	10	10
Complaint investigations (on high-hazard dams with unsafe conditions)	3	All	All	All
Conduct dam owner workshops	9	2	2	2

## Increase or Decrease from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Personal Services	Worker's Comp rate increases	\$678	\$675
Operating Expenses	Inflation and deflation adjustments	77	34

# WATER MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	18.50	18.20	18.50	3.00	21.50	18.50	3.00	21.50
Personal Services	487,846.79	537,660	562,397	87,220	649,617	561,755	37,026	648,781
Operating Expenses	201,938.71	219,007	212,110	395,337	607,454	212,705	33,284	232,969
Environment	14,211.95	14,602	14,602	0	14,602	14,602	0	14,602
Grants	0.00	0	0	18,000	18,000	0	18,000	18,000
Not Services	2,842,122	3,189	3,189	0	3,189	3,189	0	3,189
Total Agency Costs	\$706,880.17	\$770,458	\$792,305	\$500,557	\$1,292,862	\$792,251	\$125,290	\$917,541
General Fund	166,220.10	35,235	43,454	-3,504	39,950	43,647	-3,509	40,338
State Special Revenue Fund	540,560.07	735,223	748,851	504,061	1,252,912	748,404	128,799	877,203
Total Funding Costs	\$706,880.17	\$770,458	\$792,305	\$500,557	\$1,292,862	\$792,251	\$125,290	\$917,541

## Goals

- o To administer the water reservation statute in an accurate and timely fashion.
- o To continue the development of the statewide water plan that resolves water resource conflicts and problems throughout Montana in an efficient and effective manner.
- o To conduct special studies to resolve problems with water resource issues such as drought, adjudication prioritization, and basin closure.
- o To assist the Reserved Water Rights Compact Commission by providing technical expertise regarding quantification for negotiations on reserved water rights.
- o To promote sound groundwater management in Montana.

85-1-203  
The DNRE is required to develop a comprehensive inventory of the state's water resources and formulate a comprehensive, coordinated, multiple-use water resource plan.

85-1-101  
Provides ten policy considerations that direct the actions of the DNRE with regard to the planning and development of the state's water resources and the development of the state water plan.

o To ensure the competency of monitoring and water well drillers and contractors and to prevent the waste and contamination of groundwater resources within the state.

## Authorization

85-2-316, MEPA

The DNRE is responsible for determining that the reservation applications are correct and complete, making sure that an adequate environmental impact statement is completed, coordinating the reservation process, and providing the necessary assistance to the Board of Natural Resources and Environment.

85-1-203  
The DNRE is required to develop a comprehensive inventory of the state's water resources and formulate a comprehensive, coordinated, multiple-use water resource plan.

85-1-101  
Provides ten policy considerations that direct the actions of the DNRE with regard to the planning and development of the state's water resources and the development of the state water plan.



85-2-217, 85-2-702(3)

If the Reserved Water Rights Compact Commission negotiations are not successful, the DNRE and Attorney General's office are required to prepare for and litigate the Indian and federal reserved water rights as part of the statewide adjudication.

85-1-101(9), 85-1-203, 85-2-506, 85-2-507

The DNRE is to develop a comprehensive groundwater management inventory and technical justification for controlled groundwater areas and develop groundwater management plans.

85-3-101 - 85-3-204

The DNRE is required to determine whether an applicant is qualified to conduct weather modification activities and ensure that certain requirements are met. Final decisions are made by the Board of Natural Resources and Environment.

75-1-101 - 75-1-324

Prepare environmental impact statements on major actions affecting the state's water resources.

37-43-101 - 37-43-402

The Board of Water Well Contractors is required to establish and enforce minimum standards for the installation of monitoring and water wells, respond to consumer complaints, and ensure that the individuals who install monitoring and water wells are qualified to do so.

## Base Program

The Water Management Bureau is comprised of 18.5 FTE and is organized into two sections: Planning and Hydrosciences. The Planning Section deals with a variety of issues such as the development of the state water plan, water reservations, interstate and international negotiations, and special studies. The Hydrosciences Section is more technically oriented and deals with areas such as technical hydrological issues, groundwater management, environmental impact statements, and monitoring well and water well licensure.

Currently, a number of projects and activities are being pursued by this bureau and should be summarily described.

### Water Reservations

Reservation proceedings will be completed next biennium in the Clark Fork Basin above Milton. It is conceivable that reservation applications will be submitted for other portions of the Clark Fork River Basin and Flathead River Basin. (The Missouri River Basin reservation proceeding is ongoing but addressed separately in a modified level request.)

### State Water Plan

The following plan sections will be completed by 1993: Agricultural Water Use Efficiency, Instream Flow Protection, State Water Rights and the Federal Energy Regulatory Commission, Water Resource Data Management, Drought Management and Water Storage, Milk River Basin Implementation Strategy, Water Quality, and probably one to two more. The planning staff is required to implement many of the recommendations from the plan sections. For example, a new focus and agenda on water storage is recommended that must be developed and implemented. With greater demands for Montana's water resources within and outside the state, the need for basin planning is becoming critical. Basin planning will be initiated in a number of basins experiencing conflicts and problems. Moreover, a number of statewide issues may also be addressed.

Columbia River. The DNRE needs to work with the appropriate users within the basin to develop a unified position so that our input into the Columbia River Systems Operation Review process takes Montana's needs and interests into account. This major federal review will affect the re-negotiations of the 1964 Columbia River Treaty and the Northwest Power Coordinating Agreement. Accomplishing this task will require the basin water users to agree on the best approach to maximize all water uses, including the reserved water of the Salish-Kootenai tribes. The DNRE will participate in developing a strategy for dealing with competing water uses in the basin.

Yellowstone River Basin. A number of concerns with the Yellowstone River Compact needs to be addressed. The water quality issue in the Powder River Basin needs to be better understood in the event that Wyoming again tries to develop the better quality water and allows the poor quality water to enter Montana. Water quality studies and a simulation model are being developed for the basin to maximize water use in Montana and Wyoming. It is questionable whether the Yellowstone River Compact provides the benefits to Montana that were initially contemplated when formalized in 1950. Montana needs to work with Wyoming to modify the compact, if necessary, to meet contemporary needs within the basin. This might require a formal mechanism for apportioning flows between the two states.

Southern Tributaries of the Milk River and Poplar River. Governor Stephens and Saskatchewan's Premier Devine have initiated a joint water management initiative. During the 1993 biennium, the DNRE and its Saskatchewan counterparts will be negotiating a formal agreement on the apportionment on the Poplar River and determining Montana's apportionment needs and storage requirements from a proposed storage project on Battle Creek half a mile north of the U.S. boundary. DNRE will also assess the environmental impacts to Montana from the proposed projects.

Milk River. Montana will be determining and possibly finalizing an agreement on the potential for leasing 50,000 acre-feet/year from an Alberta storage project to relieve part of the water shortage problem in the Montana portion of the basin. DNRE needs to jointly assess the environmental impacts from the proposed project.

#### Special Studies

A number of important special studies to address problems across the state are ongoing.

1. Musselshell River Basin. Working with local water users, the DNRE is building a water supply model of the basin and assisting local groups to develop options for resolving water shortage problems within the basin. During the biennium, a number of solutions will be implemented.

2. Milk River Basin. A number of the strategies for relieving water shortage problems in the Milk River Basin will be implemented. The DNRE will assist the water users in implementing the strategy.

3. Indian Tribes. Coordinate with Indian tribes in the water planning effort and work jointly with a number of the tribes to resolve water problems. For example, assist the Blackfeet Nation in defining irrigation projects on Cutbank Creek and potential sources of water supply. Moreover, assist the Reserved Water Rights Compact Commission in its negotiations by providing technical assistance and review.

4. Water Rights. Conduct studies with appropriate water users to determine water available for future appropriation and assist in the initiation of appropriate action. Studies in the Missouri, Flathead and Clark Fork river basins will be ongoing.

5. Drought Management. Provide the Disaster Advisory Council and interested parties with information regarding the status of state drought conditions. As necessary, help local basin water users to better manage water supplies among competing uses.

6. Missouri River Arsenic Studies. Determine the characteristics, mobility, and risks of arsenic concentrations in the Missouri River Basin and their effects on water availability for future use.

#### Technical Assistance

The Water Management Bureau includes professionals with expertise in the fields of policy analysis, economics, hydrology, geohydrology, soils, agricultural engineering, and civil engineering. Technical assistance is provided to the Governor's office, local water users, other departments of state government, and various bureaus and divisions within DNRE. Technical assistance is provided in the following areas: water rights, reservoir operations, new project development, instream concerns, impact assessments, development of proactive groundwater management plans, and optimization and maximization of water use.

#### Groundwater Management

Because there is less surface water to appropriate, more users are turning to groundwater as their source of supply. Groundwater problem areas and conflicts are increasing. The DNRE will be developing proactive groundwater management plans that solve potential problems before they become unsolvable. Moreover, the DNRE will be addressing surface-groundwater interactions and effects on existing water rights.

#### Weather Modification

Every year there is at least one request to conduct weather modification activities in Montana. The DNRE needs to be able to assess the project and applicant based on the criteria identified in the statute.

#### Environmental Impact Statement

Every major action involving water rights or water resource activities such as new projects may require an environmental impact statement under MEPA. The staff is required to develop these EISs.

#### Board of Water Well Contractors

The following items will be addressed by the Board.

1. Enforcement of the water well and monitoring well construction standards through periodic field inspections.

2. Respond to consumer complaints through field investigations. There are an average of 12 complaints a year.

3. A training program for licensees will be established with possible continuing education requirements.

4. Each year there are approximately 170 water well

contractors, 20 water well drillers, and 100 monitoring well constructors who must renew their licenses by July

1. Water well contractors and monitoring well constructors must also submit current bonding information each year.

5. The examinations for each license category are annually reviewed and updated as needed.

6. Approximately 10 new water well contractors, 10 monitoring well constructors, and three new drillers apply for licensure each year.

#### Base Funding

The Water Management Bureau and Board of Water Well Contractors have traditionally received a small portion of their funding from the general fund and the majority from state special revenue funds. These state special revenue funds include water development, reclamation and development and water well funds. A similar combination of funding sources is proposed for FYs 1992 and 1993.

### Performance Indicators

#### Water Reservations

Ensure that reservation applications are correct and complete.

EISs are comprehensive and adequately address all impacts and public input.

Provide the Board with technical support to assist it in its decision-making process.

#### State Water Plan

Component completion: Biennium 91 - 1; Biennium 93 - 4. For components requiring DNRE action for implementation, such action will be measured by successful implementation.

#### Special Studies

The Water Management Bureau conducts studies that successfully resolve problems regarding issues such as drought management, basin closure, controlled groundwater, etc.

#### Groundwater Management

The bureau develops information about groundwater resource characteristics and successfully resolves concerns about conflicting use, water quality protection, and supply.

#### Weather Modification

Acceptable performance is indicated by maximized public benefit and minimized public risk.

#### Environmental Impact Statements

Performance is measured by consideration of all relevant impacts and public input and timely completion of the EIS process.

#### Board of Water Well Contractors

Satisfactory performance is indicated by correct installation of monitoring and water wells following established standards, timely resolution of complaints to the satisfaction of the parties involved, overall improvement of the drilling industry, and protection of groundwater resources from waste and contamination.

### Increase or Decrease from Base

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
<b>Modification Requests:</b>			
(1) Missouri Basin Reservation	The Missouri Basin Reservation program, ongoing since created by the 1985 Legislature, includes 3.0 FTE and an annual appropriation for personal services, \$85,943 in FY 92 and \$85,747 in FY 93, and a biennial appropriation for operating expenses, \$375,743.	\$461,686	\$ 85,747
(2) Poplar River Monitoring	The Poplar River Monitoring program was established to address both apportionment and water quality issues. This program funds work done by DNRE, DPH, and the Bureau of Mines.	\$ 33,050	\$ 33,750
Water Mediator Training	DNRE is statutorily required to provide training for water mediators and commissioners.	\$ 4,490	\$ 4,490

# WATER RIGHTS/FLOODPLAIN MANAGEMENT

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Personal Services	1,845,055.54	1,976,200	2,026,247	79,077	2,105,324	2,023,141	79,083	2,102,224
Operative Expenses	412,311.93	395,059	386,350	29,726	416,076	382,283	28,870	411,153
Equipment	32,066.03	22,358	22,358	0	22,358	22,358	0	22,358
Debt Service	4,545.00	5,957	5,957	0	5,957	5,957	0	5,957
<b>Total Agency Costs</b>	<b>\$2,294,078.50</b>	<b>\$2,399,574</b>	<b>\$2,440,912</b>	<b>\$108,803</b>	<b>\$2,549,715</b>	<b>\$2,433,739</b>	<b>\$107,953</b>	<b>\$2,541,692</b>
General Fund	2,078,913.51	2,320,205	2,366,933	-16,727	2,344,206	2,353,828	-17,659	2,336,219
State Special Revenue Fund	215,164.63	79,369	79,979	73,238	153,217	79,911	73,272	153,181
Federal Special Revenue Fund	0.00	0	0	52,392	52,292	0	52,392	52,292
<b>Total Funding Costs</b>	<b>\$2,294,078.50</b>	<b>\$2,399,574</b>	<b>\$2,440,912</b>	<b>\$108,803</b>	<b>\$2,549,715</b>	<b>\$2,433,739</b>	<b>\$107,953</b>	<b>\$2,541,692</b>

## Goals

- o To incorporate an initial response and follow-up program for complaints regarding alleged water use violations and reduce the number and seriousness of complaints.
- o To eliminate the backlog of currently pending contested-case hearings.
- o To improve the computer systems used to process and retrieve information from the central files.
- o To concentrate adjudication support work in priority basins.
- o To strive to enforce preliminary and temporary preliminary decrees and permits to enhance local water use management.
- o To reduce processing time for all permit and water use authorization applications.
- o To minimize losses from flooding in Montana by guiding floodplain development.

o To balance the public's desire to develop and occupy floodplains with nature's need to discharge floodwaters.

## Authorization

Article IX, Section 3(4).

Provide administration, control, and regulation Montana Constitution of Montana's water rights.

85-2-101 - 85-2-141, MCA

Make water resources available for appropriation. Establish and maintain a centralized water rights record system. Prescribe administrative procedures, forms, and requirements. Adopt rules to close highly appropriated basins and permits. Prevent unnecessary waste and unlawful use of water.

85-2-218 - 85-2-243, MCA

Recommend basin priorities for adjudication. Receive and catalog filings of claims of existing water rights. Object to temporary preliminary or preliminary decrees. Issue certificates when decrees are finalized. Provide adjudication information and assistance to water judges.

85-2-302 - 85-2-323, MCA

Process applications for water right permits. Prepare and publish notices of water right applications and handle objections. Specify terms of water right permits and revoke or modify them if necessary. Assist the Board of Natural Resources and Environment with ongoing water reservation administration. Adopt administrative rules to reject, modify, or condition permits in highly appropriated basins. Administer basin permit suspensions and closures.

85-2-401 - 85-2-426, MCA

Assign priority dates on water rights. Grant or deny proposed changes. Administer water right abandonment procedures. Handle water right transfers.

85-2-505 - 85-2-518, MCA

Prevent groundwater waste and contamination. Manage controlled groundwater areas and groundwater rights.

76-5-101 - 76-5-406, MCA

Montana Floodplain and Floodway Management Act. Establishes a program for identifying lands unsuitable for development because of flood hazards; authorizes establishment of administrative rules.

44 CFR, Parts 59-77

Establishes National Flood Insurance Program that makes flood insurance available for sale in communities that enforce floodplain regulations; establishes minimum floodplain development standards; and authorizes financial assistance to state's Community Assistance Program for providing technical and administrative assistance to communities on enforcing flood loss reduction standards.

### Base Program

The Water Rights Bureau consists of nine field offices and a central Helena office. The field office staff is responsible for administering division programs in addition to water right duties in their local areas. The bureau's three major functions include new water rights administration, adjudication, and centralized record-keeping.

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT

The purpose of the new water rights administration program is to process and protect Montana water rights applied for after July 1, 1973. This involves handling applications, publishing public notices, resolving objections, and processing notices of completion. It also includes responding to petitions for drainage basin closure, evaluating petitions requesting designation of controlled groundwater areas, assessing extension-of-time requests for water right permits or change developments, and processing interim permit applications for testing purposes.

The centralized record-keeping activity involves keeping computerized records for about 213,000 water rights established prior to July 1, 1973, and for more than 75,000 permits, certificates, and changes issued since July 1, 1973. Microfilm records are also made of each file. Approximately 10,000 ownership changes occur each year, and the department responds to more than 10,000 inquiries per year pertaining to water right records. In addition, state law requires the department to provide quarterly and annual water right record reports to clerk and recorder offices in every county.

The adjudication support program is aimed at confirming and protecting water rights established before July 1, 1973. This mainly involves providing information and assistance to the water courts for use in decree preparation to determine the legal status of water rights. Information that is reviewed concerning claims includes location and amount of irrigated acreage, means and location of diversion, flow rate, volume priority date source, and period of use. The water court uses this department-supplied information to issue preliminary decrees. The decrees often have objections and require further information from the department. This information may involve field investigations, records research, interviews, and report writing.

The Floodplain Management Section assembles and reviews floodplain information to ensure that it meets appropriate standards, presents the mapping to the Board of Natural Resources and Environment, and makes a recommendation to designate floodplains. Generally, two to four designations occur per year. Following the



designation, the affected local government must adopt appropriate floodplain regulations. The section provides assistance to local officials in adopting and implementing ordinances. Under the Federal Community Assistance Program, the section monitors local enforcement and provides administrative and technical assistance to local governments. The Floodplain Management Section also disseminates vital information to enforcement officials about the National Flood Insurance Program and other floodplain management-related matters.

## Base Funding

The Water Rights Bureau has traditionally received the major portion of its funding from the general fund. It does, however, derive a small amount of funding from the Water Rights State Special Revenue Fund (02430), which realizes revenues of about \$70,000 per year from water right fees collected. The same arrangement is proposed for fiscal years 1992 and 1993.

The Floodplain Management program operates with both state special revenue funds and federal funds.

## Performance Indicators

Permits Issued  
Permits Verified  
Changes Issued  
Certificates Issued  
Transfers Processed  
Hearings Scheduled  
Claims Examined  
Information Requests  
Complaint Litigations  
Administrative Rule Writing  
Basin Closures  
Prepare or update floodplain designations  
Review local floodplain programs  
Rewrite floodplain rules

Certain work of the bureau is not readily adaptable to performance indicator quantification. Public assistance, a primary bureau function, is a performance factor that is monitored but not quantified. It involves telephone inquiries, walk-in visitors, complaints about alleged violations, etc., all of which attest to the considerable amount of time devoted to this activity.

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Permits Issued	404	350	350	350
Permits Verified	100	100	100	100
Changes Issued	148	250	250	250
Certificates Issued	2,268	2,200	2,200	2,200
Transfers Processed	12,000	12,000	12,000	12,000
Hearings Scheduled	44	48	55	60
Claims Examined	7,000	7,500	8,000	8,000
Information Requests	1,520	1,600	1,700	1,800
Complaint Litigations	1	4	6	6
Administrative Rule Writing	1	1	2	2
Basin Closures	2	1	2	3
Prepare or update floodplain designations	3	2	2	2
Review local floodplain programs	9	10	9	10
Rewrite floodplain rules	1	1	0	0



## Increase or Decrease from Base

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
<b>Reorganizations:</b>			
(1) Floodplain Program	This program and its 2 FTE will remain in the Water Resources Division when the Engineering Bureau relocates to DSL. It includes some federal funds.	\$125,530	\$125,562
(2) Billings Engineer	One position that provides engineering support to the division will remain behind to continue that purpose when the Engineering Bureau goes to DSL.		
Position Reduction	At the direction of OBPP, one position will be deleted from the Water Resources Division next biennium.	(\$19,136)	(\$19,070)

# RESERVED WATER RIGHTS COMPACT COMMISSION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Personal Services	222,317.68	363,717	375,042	-27,066	347,976	374,294	-27,001	347,293
Operating Expenses	45,874.26	59,962	63,192	5,031	68,223	63,092	7,069	70,161
Equipment	23,627.51	15,460	15,460	-8,750	6,710	15,460	-10,789	4,671
Debt Service	1,379.45	20,995	20,995	3,720	24,715	20,995	3,720	24,715
<b>Total Agency Costs</b>	<b>\$293,198.90</b>	<b>\$460,134</b>	<b>\$474,689</b>	<b>\$-27,065</b>	<b>\$447,624</b>	<b>\$473,841</b>	<b>\$-27,001</b>	<b>\$446,840</b>
General Fund	112,625.85	179,116	182,154	-27,065	155,089	182,115	-27,001	155,114
State Special Revenue Fund	180,365.05	281,018	292,535	0	292,535	291,726	0	291,726
<b>Total Funding Costs</b>	<b>\$293,198.90</b>	<b>\$460,134</b>	<b>\$474,689</b>	<b>\$-27,065</b>	<b>\$447,624</b>	<b>\$473,841</b>	<b>\$-27,001</b>	<b>\$446,840</b>

## Overview

The Reserved Water Rights Compact Commission was created by the Legislature in 1979 as part of the water rights adjudication effort. The purpose of the Commission is to negotiate water rights with Indian tribes and federal agencies, with the intent to establish a formal agreement on the amount of water to be allocated to each interest. An agreement of this type is known as a "compact". To date, the Commission has concluded one compact, with the Fort Peck tribes in 1985.

The 1985 and 1987 sessions of the Legislature directed the Commission to concentrate its efforts on the Milk River Basin where water shortages were considered most serious. The Commission is now working to establish compacts with the Blackfeet, Rocky Boy's, Fort Belknap, and Northern Cheyenne reservations, and with the National Park Service and the U.S. Fish and Wildlife Service.

The Commission consists of nine citizens who are appointed for life, or as long as the Commission exists. Four members are appointed by the Governor, two by the Speaker of the House, two by the President of the Senate, and one by the Attorney General. The members receive pay and expense reimbursement at the same rate as Legislators for the time spent on Commission business. Commission

members are organized into four-person negotiating teams.

Organizationally, the Commission is part of the Governor's Office, but it is served by a twelve-member staff that is administratively attached to DNRE. Three programs are administered by the Commission staff. These are informational services, Commission negotiations and administrative support. Other services provided include budget analysis and secretarial services, processing of claim vouchers for Commission salaries, travel expenses and per diem.

## Goals

- o Provide legal, historical and technical information and analysis to the Montana Reserved Water Rights Compact Commission necessary for effective negotiations to quantify federal reserved water rights in Montana.

- o Participate in the development and negotiation of reserved water rights compacts with the Indian tribes and federal agencies in Montana.

o Provide administrative support to the Montana Reserved Water Rights Compact Commission to facilitate the development and negotiation of reserved water rights compacts with the Indian tribes and federal agencies in Montana.

### Authorization

MCA Section 2-15-212  
Creation of the Montana Reserved Water Rights Compact Commission.

MCA Sections 85-2-701, et. seq.  
Authority granted to the Commission to negotiate with tribes and federal agencies.

MCA Section 85-2-217  
Suspension of the adjudication of federal reserved water rights while compact negotiations are in process.

MCA Section 85-2-218  
Process for establishing priority basins.

MCA Section 85-2-231, et. seq.  
Inclusion of compacts in the decrees of the Montana Water Court.

MCA Section 85-2-321  
Milk River Basin priority.

MCA Section 85-20-201  
The Fort Peck-Montana Compact.

### Base Program

The following three programs are administered by the Commission staff.

#### Information Services Program--

The purpose of this program is to provide the Commission with all the information and analysis it needs to negotiate water rights with the tribes and federal agencies. The required information covers a wide range. The staff assembles and analyzes all case law, treaties,

and statutes pertaining to the areas under negotiation. Relevant documents and staff memoranda are compiled into notebooks which are provided to each member of the Commission's negotiating team. The staff obtains, reviews, and indexes historical and archival materials, along with technical data and reports pertaining to issues important to the negotiations. This material is compiled and periodically updated into bibliographies for use by the Commission and staff.

The staff reviews and analyzes the technical accuracy of reserved water right claims submitted to the Commission. Satellite images and aerial photographs are acquired and analyzed, and the resulting data are entered into a computerized data base of natural resource information. This data base also includes information obtained from federal agencies. Federal sources provide information such as stream-gauging records, precipitation data, reports on groundwater resources, soil surveys and topographic maps.

As part of its information duties, the staff performs hydrologic analyses including water availability studies and computer modeling of flows that would result under a variety of conditions in the basin. On the basis of these analyses, the staff tabulates the present water requirements of the Indian reservations and wildlife refuges and calculates their potential water needs for the future. The Commission's negotiating teams use the staff's calculations in formulating their negotiating positions.

Engineering and economic analyses of potential irrigation storage and delivery systems are essential in determining the amount of water likely to be needed in a basin in the future. The staff performs these analyses and then considers alternative developments that would use various amounts of water. Whenever possible, the staff performs field investigations to check the accuracy of data obtained from aerial photographs and satellite images.

#### Commission Negotiations Program--

This program brings the staff directly into the Commission's negotiating process. Staff members

participate in meetings of the Commission and Commission negotiating teams, where they provide explanations and recommendations of technical, legal, and historical issues.

On the basis of their research, staff members identify various hypothetical development scenarios and the amount of water that would be needed for each. For example, staff would consider soil types and topography to determine how much land could feasibly be irrigated on Indian reservations, and the amount of water needed. The Commission would consider this when negotiating water quantifications for the tribes.

The staff recommends negotiating strategies to the Commission, and the Commission has authorized the staff attorney to negotiate on its behalf. The staff responds at the direction of the Commission to proposals by the participating tribes and federal agencies. As negotiations proceed and agreement is reached on various points, the staff attorney drafts preliminary and then final versions of the official wording that will be used in the compact.

Throughout the negotiation process, the staff organizes and advertises public meetings to inform the public. These meetings are attended by members of the staff and the Commission, and are open to all interested parties. The meetings are advertised in newspapers that serve the affected basin, and notice is sent to all potentially affected water right holders.

Although state government agencies are not involved directly as parties to the negotiations, the Commission staff keeps them informed. When appropriate, staff members arrange for agency representatives to meet with the chairmen of the negotiating teams. Staff also encourages state agencies to attend negotiating team meetings, Commission meetings, negotiating sessions, and public meetings. State agencies are invited to submit format recommendations when appropriate.

Every six months, on January 15 and July 15, the staff submits reports to the Montana Water court on the status of negotiations.

### **Administrative Support Programs--**

This program provides administrative support for the work of the Commission and staff. It includes transmittal of correspondence and other written materials, routing of telephone messages, and ensuring the distribution of important information.

Program services include provision of agendas, transcripts, minutes, and background information for each Commission meeting and negotiating session. The staff arranges the logistics for all Commission operations, including Commission meetings, negotiation team meetings, public meetings, negotiating sessions, and field investigations. Up to 30 meetings are held each year.

Other services provided include budget analysis and secretarial services, processing of claim vouchers for Commission salaries, travel expenses, and per diem.

### **Base Funding**

The Reserved Water Rights Compact Commission and its staff are funded by the general fund (38%) and by the reclamation and development fund (62%).

## Performance Indicators

	<u>FY90 Actual</u>		<u>FY91 Enacted</u>		<u>FY92 Base</u>		<u>FY93 Base</u>	
Comprehensive Research Reports for federal and Indian Reservations								
Historical report	1		2		2		2	
Legal analysis	1		2		2		2	
Hydrological report	1		2		2		2	
Soils analysis	1		2		2		2	
Agricultural Engineering plan	1		2		2		2	
Economic analysis	1		2		2		2	
Geographical information system (GIS) mapping	1		2		2		2	

## Increase or Decrease from Base

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
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### Modification Requests:

#### Personal Services

Effective July 1, 1990, the RWRCC was authorized position #55257. This position was one of those identified by the department to be deleted to meet the personnel cuts mandated by the Budget office on August 8, 1990. RWRCC general funds were reduced to reflect this deletion.

- \$ 27,066 - \$ 27,001

### Reallocations:

The base budget reflects a one-time allocation to equipment of costs associated with 1990-91 staff increases. In the next biennium some of these costs will be reallocated to operating expenses and debt services.

#### Operating Expenses

\$ 5,031 \$ 7,069

#### Equipment

- \$ 8,750 - \$ 10,789

#### Debt Service

\$ 3,720 \$ 3,720

# ENERGY DIVISION

Full Time Equivalent Employees	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Base	Incr/Decr	Base	Incr/Decr
Personal Services	1,078,124.78	1,199,481	1,189,570	2,708	1,192,278	2,704	1,188,922	2,704
Operating Expenses	444,330.52	1,361,474	1,874,951	42,025	1,916,976	183,643	1,877,355	183,643
Equipment	38,882.10	12,704	12,704	-2,235	10,469	-850	12,704	-850
Capital Outlay	443,740.62	0	0	0	0	0	0	0
Grants	194,555.00	891,807	1,480,000	77,500	1,557,500	166,500	1,480,000	166,500
Debt Service	6,104.69	5,938	6,638	0	6,638	0	6,638	0
<b>Total Agency Costs</b>	<b>\$2,165,737.71</b>	<b>\$3,471,404</b>	<b>\$4,563,863</b>	<b>\$119,998</b>	<b>\$4,683,861</b>	<b>\$351,997</b>	<b>\$4,565,619</b>	<b>\$351,997</b>
General Fund	413,505.71	513,572	500,876	-3,916	496,960	591	501,114	591
State Special Revenue Fund	934,478.01	1,215,307	2,684,827	15,347	2,700,174	15,347	2,684,786	15,347
Federal Special Revenue Fund	817,753.99	1,742,525	1,378,160	108,567	1,486,727	336,059	1,379,719	336,059
<b>Total Funding Costs</b>	<b>\$2,165,737.71</b>	<b>\$3,471,404</b>	<b>\$4,563,863</b>	<b>\$119,998</b>	<b>\$4,683,861</b>	<b>\$351,997</b>	<b>\$4,565,619</b>	<b>\$351,997</b>

## Overview

The staff of the Energy Division administers the Energy Supply Emergency Powers Act, the Montana Major Facility Siting Act (MFSA), the Alternative Energy Grant and Loan Program, the State Building Energy Conservation Program, and federally-sponsored energy conservation programs. These responsibilities, along with related duties, are carried out by three bureaus, the administrator and his staff.

The Planning and Analysis Bureau identifies and evaluates energy issues that could significantly affect Montana, including regional and federal initiatives, and formulates recommendations for Montana officials. The bureau also represents the state directly on various technical and policy groups within and outside Montana. The bureau administers the Energy Supply Emergency Powers Act and monitors petroleum supplies and demand in Montana. The bureau conducts short-term (contingency) and long-term energy planning studies for electricity, natural gas, and petroleum. The bureau is responsible for conducting energy needs and alternatives analysis

required under MFSA and the Montana Environmental Policy Act (MEPA). Further, it collects and updates energy data, conducts feasibility studies of alternative energy resources and energy conservation, provides economic and financial analyses to the rest of the division and the Department, and evaluates energy conservation programs operated by the division.

The Facility Siting Bureau designs and conducts environmental impact and monitoring studies and performs analyses of energy projects under either MFSA or MEPA. The bureau also conducts and/or supervises impact assessment and research studies when its environmental expertise is requested by the Board of Natural Resources and Environment (Board), other bureaus, divisions, or state or federal agencies. The bureau 1) writes, oversees, and implements administrative rules for MFSA; 2) evaluates the environmental and economic impacts of transmission lines, power plants, pipelines, and other major energy facilities, or projects in accordance with rules, and regulations of MFSA, MEPA or other environmental laws; 3) monitors construction and cleanup activities to determine compliance with requirements that

accompany approval of projects; and 4) researches and gathers information to formulate and recommend environmental standards, siting policies and mitigating measures for adoption by the Board or other state agencies.

The Conservation and Renewable Energy Bureau's purpose is to improve the productivity of the energy used in Montana by encouraging energy conservation and reducing the state's dependence on fossil fuels, in part, by promoting the use of competitively priced renewable resources. Bureau staff members administer the Alternative Energy Grant and Loan Program, the State Building Energy Conservation Program and approximately ten other federally funded conservation programs. Coal severance tax funding for the Alternative Energy Grant and Loan Program (Mont. Code Ann. §90-4-101 et seq. (1989)) was discontinued by the 1989 Legislature; the grants and loans provided under the program were stopped in 1987. Matching funds for the federally funded conservation

programs are provided from repayments of loans made under the program. The State Building Energy Conservation Program reduces operating costs in state facilities by identifying and funding the installation of cost-effective energy efficiency improvements. Under this program the Board of Examiners sells general obligation bonds to fund energy conservation and efficiency improvements to state facilities. These improvements include activities such as replacing old, inefficient boilers, increasing ventilation system efficiency, insulating buildings, and providing more effective temperature controls. The energy cost savings from these improvements offset the bond repayments. The projects are structured so that the annual dollar savings resulting from the energy improvements exceed the debt service on the bonds. The Bureau also is responsible for development and implementation of several energy conservation programs under the U.S. Department of Energy and Bonneville Power Administration.



# MANAGEMENT, PLANNING AND FACILITY SITING

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Personal Services	557,052.90	505,280	503,274	1,149	504,423	503,251	1,149	504,400
Operating Expenses	150,390.64	1,052,823	1,255,872	12,517	1,268,389	1,256,036	15,639	1,271,675
Equipment	20,322.58	8,504	8,504	-2,235	6,269	8,504	-850	7,654
Capital Outlay	443,740.62	0	0	0	0	0	0	0
Grants	13,500.00	0	0	0	0	0	0	0
Debt Service	547.69	842	842	0	842	842	0	842
<b>Total Agency Costs</b>	<b>\$1,185,554.43</b>	<b>\$1,567,449</b>	<b>\$1,768,492</b>	<b>\$11,431</b>	<b>\$1,779,923</b>	<b>\$1,768,633</b>	<b>\$15,938</b>	<b>\$1,784,571</b>
General Fund	413,505.71	502,369	500,876	-3,916	496,960	501,114	591	501,705
State Special Revenue Fund	755,087.88	1,021,062	1,222,521	15,347	1,237,868	1,222,492	15,347	1,237,839
Federal Special Revenue Fund	16,960.84	44,018	45,095	0	45,095	45,027	0	45,027
<b>Total Funding Costs</b>	<b>\$1,185,554.43</b>	<b>\$1,567,449</b>	<b>\$1,768,492</b>	<b>\$11,431</b>	<b>\$1,779,923</b>	<b>\$1,768,633</b>	<b>\$15,938</b>	<b>\$1,784,571</b>

## Goals

### THE ADMINISTRATOR AND STAFF

o Administer all Energy Division programs and activities to conform with directions provided by the Montana Legislature within funding limits established through the appropriations process.

o Oversee expenditures within the division to ensure that the Energy Division programs and activities are carried out at the lowest cost and expenses are consistent with the intent of the appropriation.

### PLANNING AND ANALYSIS BUREAU

o Provide state decision makers with adequate analysis, information, and recommended courses of action so they can influence the direction of state, regional, and national energy policies.

o Maintain the state's capacity to anticipate and respond to an energy emergency.

o Promote integrated resource planning, policies, and programs that provide energy services to consumers at the minimum cost consistent with acceptable risk, reliability, and security.

o Provide the Director, other divisions, and program managers with economic, financial, and other technical analyses to identify the most economical courses of action for the Department, or support regulatory recommendations to the Board of Natural Resources.

### FACILITY SITING BUREAU

o Administer the Major Facility Siting Act (MESA), which regulates the location, construction, and operation of large-scale energy facilities.

o Serve as principal environmental assessment team for the Department and when requested, assist other Montana state government agencies in complying with the Montana Environmental Policy Act (MEPA) and other state statutes.

o Coordinate and streamline joint federal/state review and decision-making on MFSA or MEPA projects through existing Memoranda of Understanding with federal agencies.

## **Authorization**

Mont. Code Ann. §90-4-301 et seq. (1989)  
Energy Supply Emergency Powers Act establishes necessary planning, information gathering and energy emergency response powers for the Governor and provides for the regular monitoring of energy supplies and demand.

Mont. Code Ann. §75-20-101 et seq. (1989)  
Major Facility Siting Act ensures that new major energy facilities are built only when consumers need the energy they would supply, and that their construction and operation impose minimum cost and the least adverse impact on people and the environment.

Mont. Code Ann. §75-1-101 et seq. (1989)  
Montana Environmental Policy Act requires the state to explicitly document possible environmental impacts and evaluate alternative actions when considering major projects, programs, and legislation that might significantly affect the quality of the human environment.

## **Base Program**

The Energy Management, Planning and Facility Siting activity includes the functions that are performed by the Planning and Analysis Bureau, the Facility Siting Bureau, and the administrator and his staff.

### THE ADMINISTRATOR AND STAFF

Within the Energy Division, the administrator and his staff are responsible for administering all of the division's programs and activities to conform with the funding limits established. The administrator directs the division's monetary and human resources by establishing policies and work priorities to effectively deliver the products and services the Energy Division

provides. He and his staff oversee the division's expenditures and develop, evaluate and select alternative means to achieve the division's goals while minimizing costs. This unit prepares the division's budget request to the legislature each biennium and responds to inquiries from the legislative branch.

General fund appropriations and expenditures within the Management, Planning and Facility Siting Activity have decreased markedly in response to the division's attempts to hold costs down and become more efficient. This is the only activity that receives general fund support within the division.

The graphs on the following page reveal that actual general fund appropriations decreased 28 percent between FY83 and FY90; if the appropriations are adjusted for inflation, the decrease is 45 percent. During the same period, actual expenditures declined 24 percent; or 39 percent after the figures are adjusted for inflation. The division's FY92 general fund appropriation request is less than what was actually appropriated in FY91.

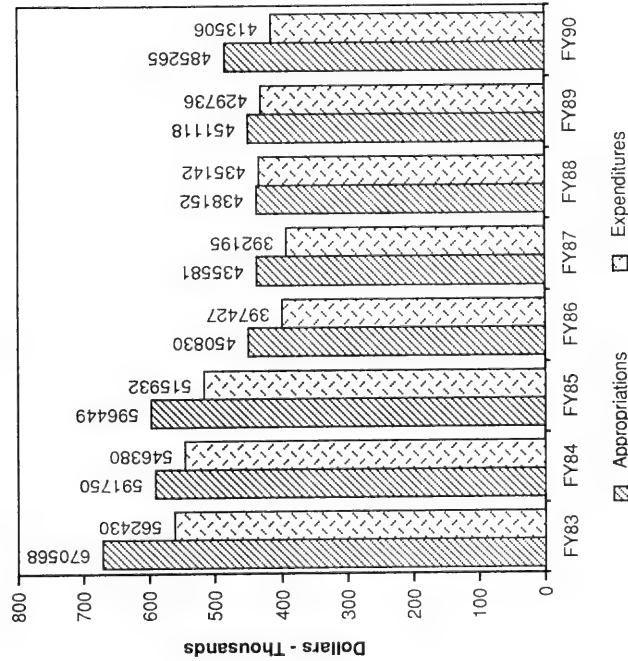
### PLANNING & ANALYSIS BUREAU

Planning is handled primarily by the Planning and Analysis Bureau. The bureau has four major areas of responsibility: energy policy analysis, energy emergencies, energy planning, and economic and financial analysis. The administrator works directly with the bureau on energy policy issues.

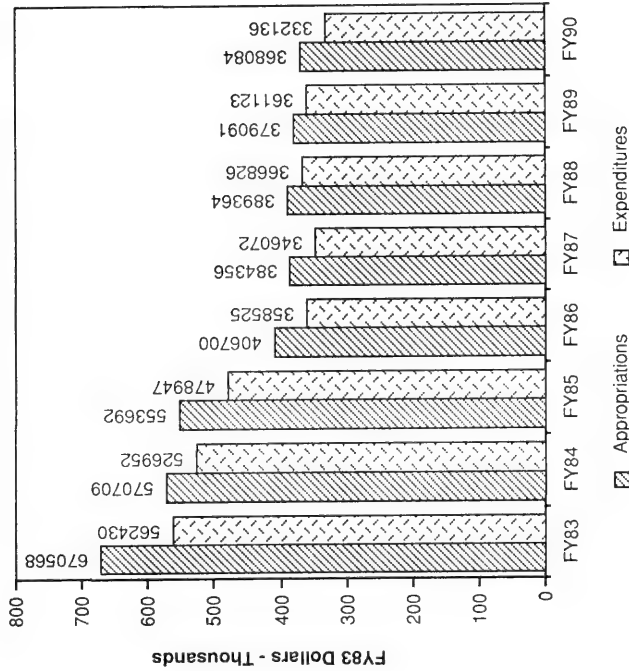
### Energy Policy Analysis

Information and analyses of energy issues that affect Montana are provided directly to the Governor, the Department director, the administrator and other state decision makers. This information is often submitted in briefing papers that define the various courses of action open to the state, with recommendations on how the state's interests may best be served. Many of the energy policies that most profoundly affect Montana are made outside the state, where Montana's interests are unlikely to be explicitly considered. Energy issues affecting

## APPROPRIATIONS AND EXPENDITURES



## APPROPRIATIONS AND EXPENDITURES ADJUSTED FOR INFLATION



Montana are shaped by Congress, federal agencies such as the Bonneville Power Administration, the Federal Energy Regulatory Commission, and the departments of Energy, Interior, and Transportation. Montana decision makers must understand how national or regional energy issues affect the state in order to best represent Montana's concerns when policies are formulated in response to these issues.

Regional and national policies have a substantial impact on Montana because Montana is an energy producing state and Montana's major industries are highly dependent on an affordable and reliable supply of energy. Proposed federal legislation to adopt an oil import fee is one example of a policy that could affect the state profoundly. The Energy Division analyzed the proposal and found that it could easily cost Montana industries and consumers over \$100 million annually. Other examples are 1) federal loan repayment reforms proposed in the President's budget, with a cost to Montana electricity consumers of over \$50 million annually, and 2) the various Congressional proposals to amend the Clean Air Act, the potential impact of which the Energy Division is currently studying.

Energy is once again a national priority. Both Congress and the federal agencies now confront the state with far more energy initiatives than in recent history. One of the most significant new federal initiatives is the current U.S. Department of Energy effort to develop a National Energy Strategy. Although it is too early to identify the implications such a strategy would have for Montana, it is clear that the resulting programs and policies will have substantial impact on the state. The strategy will address all energy sources, including petroleum, oil, natural gas, coal, electricity, renewable energy, and energy conservation, in every energy-consuming and producing sector. Ensuring that Montana's interests are satisfactorily addressed in the face of this major initiative will require the Energy Division to participate in the development of the strategy, to analyze its implications for Montana, and to recommend courses of action for the state to pursue as the strategy is implemented. Analyzing and responding to the National Energy Strategy will be a major Energy Division activity

for the foreseeable future.

The Energy Division represents the state on energy-related committees formed by organizations such as the Northwest Power Planning Council, Bonneville Power Administration, National Governor's Association, Western Interstate Energy Board, and Committee for Regional Electric Power Cooperation. Energy policies that address significant energy issues are often formulated in these committees. The Energy Division makes written and oral arguments to incorporate Montana's perspective in the committee recommendations. An example of a task force in which the Energy Division represents the state is the Keystone 2 project on electricity transmission; this task force is formulating national policies to improve the siting of major transmission lines and to increase use of the existing electricity transmission system.

In support of its analyses, the Energy Division maintains a current and consistent set of energy information and data. This information and data also are available to other state agencies, the legislature, and the general public. The Energy Division annually updates this information and data and, when funding permits, publishes the "Montana Historical Energy Statistics" for distribution to interested parties.

#### Energy Emergencies

The Montana Energy Supply Emergency Powers Act calls for continuous monitoring of energy supplies and demand in order to maintain the state's ability to respond to an energy emergency. The Act further provides the Governor with emergency powers to respond to an energy shortfall. The monitoring and contingency planning have been delegated to the Energy Division.

Montana's geographic location, pipeline system, oil production, and supply and refinery arrangements make the state particularly vulnerable to petroleum supply disruptions. Montana's unique supply situation and heavy dependence on diesel fuel make the impacts of supply disruption worse in Montana than in the rest of the country. The Strategic Petroleum Reserve (SPR) is the

federal government's only strategy for dealing with a major U.S. petroleum supply disruption, yet the physical constraints of the pipeline transportation system prevent any SPR oil from reaching Montana. It is critically important for the state to collect data and maintain petroleum supply expertise in order to respond when a threatening situation occurs. Failure to do so could result in unnecessary health and safety risks for Montanans dependent on oil for heat; it certainly would cause significant disruption to the state's economy. If these energy emergency capabilities are not maintained, the state will be no better off than it was in 1979, when the rest of the country, in the midst of a gasoline shortage, failed to understand the economic disruption caused by a diesel fuel shortage in Montana.

The Energy Division maintains the state's computerized petroleum monitoring data base. This contains data on oil refinery production, volume of oil delivered through pipelines, petroleum inventories and consumption in Montana, and the status of supplies and demand. Information is compiled and provided to the Governor as needed so he can take appropriate action to remedy any potential problem. In case of emergency, the Energy Division provides status reports and briefings including recommendations for emergency responses.

The gradual disappearance of the regional power surplus makes electricity supplies an issue of growing concern, particularly when it appears that Montana and other regional utilities are reluctant to commit to new generating resources. Supply and demand of electricity in the state is monitored by analyzing reports and forecasts prepared by investor-owned utilities, rural electric cooperatives, Northwest Power Planning Council, and Bonneville Power Administration. Briefing papers and status reports are provided to government decision makers.

Monitoring future electricity supplies is accomplished in part under the Montana Major Facility Siting Act, which requires utilities to submit long-range projections of their plans to build new large-scale generating sources. The Energy Division reviews and evaluates these long-range plans and prepares summary data for distribution to

the public.

Critical state players must be able to assume their responsibilities at a moment's notice if the state's energy emergency preparedness is to be maintained. The Energy Division plans to initiate an annual seminar and workshop to inform the Governor, state agencies, and the Legislative Energy Policy Committee of Montana's energy outlook. The division also will review the responsibilities and authority of these parties under the Montana Energy Supply Emergency Powers Act and the Montana Energy Emergency Contingency Plan. With United States oil imports at all time record high levels, the Department of Energy is sharpening its focus on energy emergency planning and is working more closely with the states in coordinating state/federal responses to energy emergencies. The Energy Division participates in the Department of Energy's annual energy response simulation exercise to ensure that the state's response meshes with the actions of the federal government.

#### Energy Planning

Through energy planning, the Energy Division recommends which government policies and programs and which private sector initiatives the state should promote to provide energy services to consumers at the minimum cost consistent with acceptable reliability and security. The Energy Division has begun working with utilities to develop integrated resource or least cost resource plans to serve the future needs of their customers. The Energy Division has been active in the development of Montana Power Company's integrated resource plan through participation in MPC's Conservation and Least Cost Planning Advisory Committee.

The utility industry is going through structural changes and is moving toward increased competition in construction and operation of generating facilities. Furthermore, conservation is becoming accepted as a low-cost way of meeting utility load growth. These major changes, plus the increased utility emphasis on integrated resource planning to serve future loads, suggest that the state should reevaluate its role to ensure that it is encouraging utilities to acquire least-



cost resources. The Energy Division will continue participating in public and private sector efforts to review and evaluate utility resource planning and make recommendations for necessary changes in utilities' plans, state energy policies, and the regulatory structure.

Also, as part of its planning efforts, the Energy Division analyzes the cost effectiveness of various strategies for incorporating energy efficiency into new houses so builders will know the most economical energy efficiency measures to install. To complement this analysis, the Energy Division surveys home builders in Montana on a biennial basis to determine what energy efficiency measures are being built into new houses.

The Energy Division evaluates the effectiveness of its own energy conservation programs and activities to determine how these programs can be improved and what programs should be offered in the future.

#### Economic and Financial Analysis

The Energy Division provides economic, financial, and other analyses to the Department director, to other divisions within the Department, and to program managers within the division. These analyses provide the basis for identifying the most economical method for carrying out the Department's functions. They also provide a basis for regulatory recommendations to the Board of Natural Resources and Environment. These analyses examine specific proposals, and the results are presented in reports with the Energy Division's findings and recommendations. For example, the division evaluated the economic feasibility of proposed irrigation projects for the Clark Fork River water reservation process and is performing similar studies for the Missouri River reservation proceedings. It also estimated the value of a hydro-electric facility in a foreclosure action brought by the Department when the project's sponsor defaulted on his Water Development Program loan.

The Department often is called upon to make decisions with significant financial and economic impact to Montana taxpayers or other parties in the state. Making the best

possible decision for the state requires the Department to undertake thorough and objective economic and financial analyses. The Energy Division provides these. An example is the analysis that led to the Department's decision to proceed with the Broadwater Hydroelectric Project. The Energy Division also prepares economic analysis for environmental impact statements required by MESA or MEPA.

#### FACILITY SITING BUREAU

The Energy Division administers the Montana Major Facility Siting Act and ensures departmental compliance with the Montana Environmental Policy Act. The Facility Siting Bureau handles most of these responsibilities.

#### Major Facility Siting Act

The Montana Major Facility Siting Act (MESA) regulates the location, construction, and operation of large-scale energy facilities. The Act is intended to ensure that new energy facilities are built only when consumers need the energy they would supply, and that their construction and operation impose minimum costs on society and produces the least impact on people and the environment. Alternatives to the proposed facility must also be developed and analyzed. The option recommended to the Board of Natural Resources and Environment (Board) must represent the best balance among benefits, costs, and environmental impacts.

Prospective developers of major new energy facilities apply to the Department for a certificate of compliance with the Siting Act. The Energy Division reviews the application in its role as staff to the Board. The Board decides whether a certificate will be granted. The division's review normally requires environmental analysis and the preparation of an environmental impact statement.

When applicants request, the Energy Division provides preapplication assistance. Such assistance includes clarification of regulatory procedures and the nature of the information needed to complete the review. As a result of this assistance, the information submitted with

the application is more likely to fulfill the Siting Act requirements, which helps streamline the permitting process.

Following Board certification of proposed facilities, the Energy Division monitors project construction, the reclamation and mitigation for compliance with conditions imposed by the Board in the certificate. When the Board's conditions have been met, the Energy Division recommends the release of reclamation bonds.

The Energy Division also reviews federal facilities proposed by the Bonneville Power Administration (BPA) and the Western Area Power Administration (Western) to determine whether they would comply with the substantive standards of the Siting Act. In cases where joint state/federal review is needed to ensure that federal projects comply with the Siting Act, the division coordinates and streamlines the review through Memoranda of Understanding with the federal agencies involved. The division also monitors construction and operation of energy facilities built in the state by BPA or Western, to ensure compliance with substantive standards of the Siting Act.

Whenever necessary, the Energy Division adopts or revises Siting Act rules as required by changes in legislation, program, or policy.

As part of the environmental impact mitigation for the BPA 500 kilovolt line from Garrison west, the division provides a representative to the Rock Creek Advisory Council, which advises the Board on the expenditure of funds that were set aside for mitigation purposes. The Council meets approximately 14 times a year.

MFSA requires utilities to submit long-range projections of their plans to build new generating sources large enough to fall under the authority of the Act. The Energy Division reviews and evaluates these long-range plans and prepares summary data for distribution to the public.

## Montana Environmental Policy Act

Under this function, the Energy Division operates as the principal environmental assessment team for the Department and, when requested, assists other Montana state government agencies in complying with the Montana Environmental Policy Act (MEPA) and other state statutes. MEPA requires that decision makers be informed of the environmental consequences of prospective state actions. The extent of the required environmental analysis depends on the magnitude and significance of the actions contemplated. If the action is substantial enough to pose a danger of serious environmental damage, an environmental impact statement (EIS) is prepared. The Energy Division researches and writes legally sufficient EISs for the Department and other state agencies, pursuant to MEPA and other state laws, such as the Strip and Underground Mine Reclamation Act, the Hardrock Reclamation Act, and the Water Use Act. For agencies other than the Department these documents are prepared under contract, and must meet contractual or statutory deadlines.

When both state and federal agencies have jurisdiction over a proposed action, the Energy Division cooperates with the federal agencies involved to produce joint state/federal environmental analysis, which streamlines the process and reduces costs to the applicant.

Under this function, the Energy Division supports other Department programs by conducting environmental evaluations, providing project management, and reviewing and commenting on impact statements written by other agencies. In some cases, such as with the Reclamation and Development Grant program, the Energy Division assists by evaluating applications for funding proposed projects.

## **Base Funding**

General funds and fees assessed to project applicants under MFSA and MEPA support most management, planning and facility siting activities within the Energy Division. Small sums of oil overcharge and federal funds supplement them.



Funding for the administrator and his staff comes from the general fund. The administrator also oversees activities that occur under an intergovernmental agreement which provide BPA funds to ensure consultation between BPA and the state. This agreement covers travel, per diem, and supply expenses only. It provides a mechanism for reimbursing any executive branch state agency, the Public Service Commission, and the Legislature, for travel expenses that are incurred in response to BPA's invitation.

The Planning and Analysis Bureau receives money from the general fund, oil overcharge funds, and fees assessed to project applicants under MFSA and MEPA. The bureau uses project fees to assess whether consumers would need the energy that would be supplied from proposed projects.

The Facility Siting Bureau is funded by fees assessed to project applicants under MFSA, MEPA, and other state statutes and by general funds. Project fees are used to fund all project-specific activities, including evaluation of applications, preparation of EISS, Board proceedings, and compliance monitoring. Federal power agencies provide funds for review of federal energy projects. The budget request for the Facility Siting Bureau contains no FTE's for the preparation of EISS. The personnel needed to prepare EISS are incorporated into the budget under contractual sources that are funded by project fees. General funds are used to support activities such as preapplication consultation, administrative rule review and revision; and responding to public and agency requests for environmental or public safety information for which DNRE cannot collect a fee under the authorizing statutes.

## Performance Indicators

### THE ADMINISTRATOR AND STAFF

Energy Division programs and activities achieve the objectives established for FY 92-93. Alternatives for providing services are considered and low cost alternatives that supply comparable services are selected. SBAS reports are reviewed, and summary budget status reports are prepared each month. Budget requests and the accompanying narrative justification are prepared properly and in accordance with established schedules and OBPP's directives.

### PLANNING AND ANALYSIS BUREAU

It is difficult to quantify program performance in strict numbers of items processed, studies done or issues analyzed. Often, there is no similarity between the different studies and issues. Some may be fairly small projects or issues taking only a few days to complete and having little economic implication for the state. Others may be extremely complex, have profound impact on the state, and may take six months to a year to complete. Further, since no one can predict the future, many unforeseen events will significantly affect the nature and amount of work that will be performed.

FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
-	-	-	-
-	-	-	-
-	-	-	-

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<u>Energy Policy</u>				
Issues analyzed, briefing papers prepared	15	15	15	15
Attend policy committee meetings to present state concerns	36	24	24	36
Annual update of <u>Historical Energy Statistics</u> data base	1	1	1	1
<u>Energy Supply Emergency Powers Act</u>				
Prepare status reports, briefing papers on petroleum supplies as events dictate	1	1	1	1
Prepare briefing papers and status reports on electricity supplies as events dictate	3	3	3	3
Prepare summary tables from review of long-range plans	1	1	1	1
Hold annual seminar and workshop	-	1	1	1
Attend DOE regional energy emergency simulation exercises	1	1	1	1
<u>Energy Planning</u>				
Complete recommendations and prepare report for Least Cost Planning Advisory Committee	1	1	-	-
Participate in energy planning studies	-	1	1	-
Analysis of cost effective building and preparation of report	1	-	-	1
Building practice survey completed and report prepared	1	-	1	-
Program evaluations completed and reports written	3	3	3	3
<u>Economic and Financial Analysis</u>				
Analysis completed and reports written	3	3	3	3

FACILITY SITING BUREAU

Major Facility Siting Act  
Applications processed  
 Federal facilities reviewed  
 Monitoring/compliance reports prepared  
 Rock Creek Advisory Council meetings staffed  
 Adoption or revision of administrative rules  
 Preapplication consultation provided  
 Federal/state review meetings staffed  
 Joint state/federal project agreements completed  
 Responses to requests for public health data

Montana Environmental Policy Act  
 Environmental analyses completed  
 State/federal coordination meetings conducted  
 Environmental compliance assistance requests responded to

	<u>FY90</u> <u>Actual</u>	<u>FY91</u> <u>Enacted</u>	<u>FY92</u> <u>Base</u>	<u>FY93</u> <u>Base</u>
	2	2	2	3
	1	1	2	1
	5	5	5	4
	14	14	14	14
				1
	4	4	5	5
	3	3	3	3
	2	2	1	2
	36	40	48	56
	2	2	2	2
	8	8	8	8
	4	4	4	4

# ENERGY CONSERVATION

	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Recommended	Base	Incr/Decr	Recommended
Full Time Equivalent Employees	24.00	24.00	24.00	.00	24.00	24.00	.00	24.00
Personal Services	521,071.88	694,201	686,296	1,559	687,855	685,671	1,555	687,226
Operating Expenses	293,939.88	308,651	357,874	29,508	387,382	360,114	168,004	528,118
Equipment	18,559.52	4,200	4,200	0	4,200	4,200	0	4,200
Grants	141,055.00	255,000	255,000	77,500	332,500	255,000	166,500	421,500
Debt Service	5,557.00	5,096	5,096	0	5,096	5,096	0	5,096
Total Agency Costs	<u>\$980,183.28</u>	<u>\$1,267,148</u>	<u>\$1,308,466</u>	<u>\$108,567</u>	<u>\$1,417,033</u>	<u>\$1,310,081</u>	<u>\$336,059</u>	<u>\$1,646,140</u>
General Fund	0.00	11,203	0	0	0	0	0	0
State Special Revenue Fund	179,390.13	194,245	237,306	0	237,306	237,294	0	237,294
Federal Special Revenue Fund	800,793.15	1,061,700	1,071,160	108,567	1,179,727	1,072,787	336,059	1,408,846
Total Funding Costs	<u>\$980,183.28</u>	<u>\$1,267,148</u>	<u>\$1,308,466</u>	<u>\$108,567</u>	<u>\$1,417,033</u>	<u>\$1,310,081</u>	<u>\$336,059</u>	<u>\$1,646,140</u>

## Goals

- o Increase energy efficiency and reduce energy costs in schools and hospitals.
- o Increase energy efficiency and reduce energy costs in commercial and institutional buildings and operations.
- o Increase energy efficiency in new residential and commercial building construction.

- o Increase energy efficiency and reduce costs in agricultural and wood products industries.
- o Improve the markets for agricultural and timber products as energy resources.

- o Increase awareness of energy conservation techniques and renewable energy technologies, which will enable Montanans to make informed choices on resources and products to meet their energy needs.

## Authorization

42 U.S.C. §6371 et seq. Pub. L. No. 95-619

The Institutional Conservation Program was established through the federal Energy Conservation Policy Act to reduce energy use and costs in schools and hospitals.

24 U.S.C. §6321 et seq. Pub. L. No. 94-163  
The State Energy Conservation Program was established through the federal Energy Policy and Conservation Act to promote the conservation of energy and to reduce the growth rate of energy demand.

42 U.S.C. §7001 et seq. Pub. L. No. 95-39  
The Energy Extension Service was established through the federal Energy Research and Development Administration Act to provide small energy users with information that will help them make the most economical choices to address their energy needs.

41 U.S.C. §501 et seq. Pub. L. No. 96-501  
The Pacific Northwest Electric Power Planning and Conservation Act was enacted to ensure an adequate, efficient, economic and reliable power supply for the Pacific Northwest. Under this Act the Northwest Power Planning Council has directed the Bonneville Power Administration to develop energy conservation programs. The Technical Assistance Program and Residential

Construction Demonstration Program were developed by Bonneville in response to sections 6.0 and 1.0 of the Northwest Power Plan.

Pub. L. No. 101-101

The Regional Bio-energy Programs are funded through the Energy and Water Appropriation Bills to promote the use of biomass energy. Montana participates in the Pacific Northwest and Alaska Regional Bio-energy Program operated by the Bonneville Power Administration.

Mont. Code Ann. §90-4-101 et seq. (1989)

The Alternative Energy Grant and Loan Program was established to stimulate research, development, and demonstration of energy conservation and renewable energy resources that would lessen the state's reliance on nonrenewable energy resources.

### Base Program

The Energy Division manages several federal programs funded by the U.S. Department of Energy (DOE) and the Bonneville Power Administration (BPA). Congress originally established the DOE programs to reduce the nation's reliance on imported oil and directed each state to develop and implement plans to reduce energy consumption. The growing national concern over rising oil imports, dwindling reserve capacities, global warming, and acid rain has placed a renewed emphasis on energy efficiency and has increased interest in activities provided by these programs.

Congress passed the Pacific Northwest Electric Power Planning and Conservation Act to ensure the lowest cost electrical energy future for the Pacific Northwest. The Act directs BPA to acquire energy conservation when it is the cheapest resource available, or when its cost is not more than 10 percent above the cheapest alternative resource. The Act also established the Northwest Power Planning Council, made up of representatives from Montana, Idaho, Washington and Oregon, and charged them with implementing the Act. The Council has directed BPA to work with state governments to develop and deliver cost effective energy conservation programs.

The Montana Legislature enacted the Alternative Energy Grant and Loan Program to reduce the state's reliance on fossil fuels. While this program no longer receives any coal severance tax revenues, and the grants and loans provided under the program were stopped in 1987, funds from repayments of loans made under the program provide matching funds for the federal DOE programs. These programs help to reduce the state's reliance on fossil fuels by encouraging energy conservation and the use of renewable energy resources when they are competitively priced.

As shown below, the Energy Conservation Activity can be divided on the basis of the different consumer groups served. The Conservation and Renewable Energy Bureau provides these services.

### Schools and Hospitals

Most schools and hospitals were built when energy cost less than it does today. These buildings and the equipment installed in them are not energy efficient by current technological and economic standards. The Energy Division awards grants to increase energy efficiency and reduce energy costs in schools and hospitals. Grants are used to analyze and remodel buildings and modify equipment. The grants are matched dollar for dollar by the participating institutions.

Examination of 24 past Institutional Conservation Program grants to schools showed a 28 percent average annual reduction in natural gas consumption, an annual savings of \$2,644 per school building. One or more grants have been awarded to improve 223 buildings since the program began in 1977. This program may be saving Montana taxpayers as much as \$590,000 annually.

Hospitals may use energy savings to purchase equipment, keep patient costs low or expand their services. St. James Hospital in Butte received a grant early in the 1980s and was able to reduce its natural gas use by 38 percent. The drop in gas use meant less demand was placed on the central heating system. With the savings from energy efficiency, the hospital was able to add the Regional Cancer Center and the Magnetic Resonance Imaging

Building without expanding its heating plant. Hospital managers plan to add another 40,000 square feet of facilities and are confident that they can continue to provide efficient heat without expanding the heating plant.

#### New Construction

The Energy Division works to reduce the energy requirements for new residential and commercial buildings. New construction is targeted because energy conservation measures are easily added during design and construction but are more difficult, more costly, or sometimes impossible to install when remodeling.

The Energy Division works with the Northwest Power Planning Council, utilities, and the Governor's Office to implement an educational strategy targeted at groups such as real estate agents and construction contractors that have a role in improving the energy performance of new houses. The intent of this strategy is to move building practices quickly toward a higher energy efficiency standard such as the Northwest Power Planning Council's Model Conservation Standards. Houses built to these standards require 30 to 50 percent less energy than conventionally built houses. The result is lower utility bills for the home owner and a reduced demand on the utility company for more expensive supplies of power.

The Energy Division trains builders in state-of-the-art methods for incorporating energy-efficient components into new buildings. To reach the next generation of builders, Vo-Tech students are trained in energy-efficient housing design and construction techniques. Real estate agents, lenders, and appraisers are taught how energy-efficient construction can help consumers afford quality housing and save energy and dollars.

The Energy Division, along with BPA and participating utility companies, sponsors demonstration houses to familiarize builders, code officials, and utility personnel with energy-efficient construction, and to test the feasibility of new construction techniques, materials, and equipment in Montana's climate. Builders receive up to \$2,000 to incorporate energy features and

to provide information on construction costs. The division monitors these houses' thermal performance and provides results to builders, utility companies, and homeowners.

To improve the housing on Montana's Indian reservations, Tribal Housing Authorities are encouraged to build energy-efficient structures. Design assistance, on-site technical assistance, and classroom training are provided to contractors who build houses on the reservations. The Salish-Kootenai tribes have a policy that all new houses on the Flathead Reservation will be built to the Northwest Power Planning Council's Model Conservation Standards. The Blackfoot Tribe has indicated it will build 75 new houses to these standards in the next two years.

Homebuyers are encouraged through workshops, publications and personal contacts to consider energy performance when buying or building a new house. These efforts are creating a consumer demand for energy-efficient housing. Builders are responding to the consumers' wants and more builders are attending training sessions and constructing high performance houses every year. This consumer-driven approach is preferable to strict building codes or other regulations that would force building practices to change to incorporate energy technologies.

#### Commercial/Institutional

Commercial operations depend on energy for lighting, heating and cooling, and for operating kitchens, bakeries, laundry and dry cleaning processes and many other facilities. Most commercial buildings and processes are at least a few years old and were not designed with energy conservation in mind. Energy has come to demand a larger part of businesses' operating costs and can eat into profits, making businesses less viable and threatening economic growth. The Energy Division offers a variety of programs that help business owners or managers reduce energy costs in their buildings and operations and increase profitability.

Information is not readily available on commercial building renovations in cold climates or for small



operations like those found in Montana. To remedy this lack of information, the Energy Division publishes and distributes periodic bulletins and case studies on successful energy saving measures implemented by Montana businesses and institutions. One case study was done on St. Peter's Episcopal church in Helena. It showed how the church saves \$2,000 annually on its energy bills. This information was presented to 30 churches at the Montana Association of Churches meeting in 1989 and provided to more than 500 other churches by mail.

The Energy Division contracts for national caliber speakers to address Montana business associations on energy-saving measures specific to their types of businesses. It also conducts workshops to teach building managers and maintenance personnel how to increase the efficiency of boilers, lighting, pumps and motors, heating, ventilating and air conditioning systems. Videotapes are available to building managers and maintenance personnel who cannot attend the workshops or who need additional information.

Local governments also have buildings that were constructed when energy costs were only a secondary concern. These governments are under increasing pressure to provide services without raising taxes. Local and state government building managers regularly participate with school and hospital managers in workshops and receive publications developed for commercial businesses because all these groups have similar energy uses and potential for savings.

Local governments in western Montana receive additional services through BPA funding. The Energy Division uses BPA funds for contracting with the Montana League of Cities and Towns to design and operate programs for local governments. The League has set up a satellite office, the Montana Local Government Energy Office (MLGEO) in Missoula. MLGEO staff members visit local governments and walk through their city halls, courthouses, shops and other buildings to identify how energy is being used in the buildings and to recommend ways to save energy and dollars in the operation of the facilities. MLGEO also influences city and county government officials' positions on energy issues in Montana and the Northwest.

## Industrial

Agriculture and wood products are major industries in Montana. Both have been economically stressed in recent years. While improving energy use alone cannot completely change the economic outlook for these operations, increased efficiency and reduced costs can increase their profitability and help keep marginally profitable farms, ranches, or wood products manufacturers in business.

Montana industry generally uses large amounts of diesel fuel to produce and transport marketable goods. Because of Montana's geographic location and its system for producing, transporting, and refining oil, the state is especially vulnerable to petroleum supply disruptions. In the event of a petroleum supply disruption, Montana probably would run out of diesel fuel before other fuels and would have a difficult time getting enough diesel to meet its needs. A reduction in the amount of diesel consumed by industry reduces vulnerability to petroleum supply disruptions and helps reduce the cost of producing goods and the delivered costs to the consumer.

The Energy Division offers tractor and combine clinics to show farmers and ranchers how to reduce their use of diesel fuel. Fuel consumption in farm tractors can generally be improved by an average of 25 percent. Farmers and ranchers attending workshops can achieve annual savings of up to \$600 for each tractor. A total of 342 tractors were represented at the Department of workshops conducted in fiscal years 89 and 90. If each of these tractors were improved by only 5 percent, \$42,000 per year would be saved. If all of the suggestions made at the workshops were implemented and each tractor's efficiency was improved by 25 percent, the savings would be \$210,000 annually. This activity will reach even more farmers and ranchers in the future because in addition to continuing the workshops in several locations throughout the state, videotapes of the workshops will be made available to those who were unable to attend.

The Energy Division's irrigation workshops and publications show irrigators how to reduce their use of



diesel fuel or electricity. The division provided 5,000 Montana irrigators with a pocket guide that they can easily use in the field for implementing energy efficient practices for equipment use and water management. This publication earned national recognition last year when it was selected by the U.S. DOE as the best two-color energy publication written by any of the U.S. states or territories.

The Energy Division provides technical assistance to sawmills, wood pellet plants, and individuals interested in using wood as an energy source. This assistance includes recommendations for reducing operating costs, information on the amount and type of wood available in a particular area, potential markets for the wood, information on regulatory requirements, and assistance throughout the process. At the request of a firm from Tennessee that was interested in relocating to Montana, an Energy Division staff engineer provided information and technical assistance on the wood waste resource available in the Eureka area, financing mechanisms available in the state, and regulatory requirements. Partially as a result of these efforts, the Eureka Pellet Mill is now in operation producing 3,000 tons of pellets per month from sawmill wastes and employing 26 people. Besides the economic benefits of the new business, the use of wood wastes as an energy source alleviates a disposal problem for the sawmill.

#### Education/General Awareness

Montana citizens make energy-related choices every day when they purchase and remodel homes, select appliances, and buy vehicles. However, they often neglect to fully consider energy costs in their decisions. The Energy Division provides information to Montana citizens on the benefits of conserving energy and practical ways they can save energy and money when purchasing consumer goods and buying or remodeling existing houses.

One part of this program is aimed at teachers and students in elementary and secondary schools. Teachers attend workshops and presentations and receive curriculum materials developed and adapted for use in Montana. They then present this information in their classrooms.

Students learn at an early age the importance of conserving energy and taking care of the environment and take this message home to their parents.

The second part of this program is aimed at the general population. Fact sheets and booklets are produced and distributed on a wide variety of topics including low cost ways to save energy, tax incentives for conserving, energy costs to operate appliances, wood and pellet burning stoves, wind power, hydro power, and house weatherization methods. These publications are displayed in high traffic areas in county courthouses and libraries around the state to catch the interest of large numbers of people. Information designed to convince consumers to conserve energy is also presented in public service announcements and articles for newspapers and magazines.

#### Base Funding

Energy Conservation is funded with a mix of federal funds, oil overcharge funds, grant and loan repayments to the Alternative Energy Grant and Loan Program, and contract payments from the Montana Power Company. Federal support comes from the U.S. Department of Energy (DOE), the Bonneville Power Administration (BPA), and the Western Area Power Administration (Western). The oil overcharge funds that the Energy Division is asking to spend were previously appropriated to it to augment federal funding for the DOE programs that are eligible to use the funds. A portion of the past oil overcharge appropriation to these programs will not be spent this biennium. They have been incorporated, as carryover, into the 1993 biennial budget request for the eligible DOE programs.

DOE funds the Institutional Conservation Program, the State Energy Conservation Program, and the Energy Extension Service. Congress appropriates funds to each program and the funds are distributed to the states according to set formulas. Each program has specific rules governing the use of funds. DOE also supports the Bioenergy Program, but it contracts with BPA to administer the program. BPA determines the funding allocations among the Northwest states for this program.

Each of the four programs funded by DOE requires some level of state match. The Institutional Conservation Program requires a dollar for dollar match. The state must match administrative costs of the program, while the institutions that receive grant awards match their grants. The State Energy Conservation Program and the Energy Extension Service require a 20 percent contribution, while the Bioenergy Program requires the state to contribute one-third of the total program costs.

Money that the division acquires through repayment of grants and loans made before 1987 under the Alternative Energy Grant and Loan Program are used to match federal funds. Besides providing the matching funds for DOE programs, grant and loan repayments are also used to monitor outstanding loan accounts.

BPA funds the Technical Assistance and Residential Construction Demonstration Programs. These programs are fully funded with federal funds and do not require a state match. The level of funding for these programs is negotiated annually. These programs are offered only in BPA's service area in western Montana, and only address electrical energy conservation.

The Energy Division receives additional funds for special projects that enhance or expand the work performed by the division. The Montana Power Company contracts for training sessions to be offered to its employees and customers. The Western Area Power Administration funds training for its member utilities and/or its customers. Usually this training is developed for BPA programs and expanded to provide additional needs.

## Performance Indicators

Schools and Hospitals  
 Grants awarded to schools and hospitals  
New Construction  
 Builders, vo-tech students and utility personnel trained  
 Lenders, appraisers and real estate agents trained  
 Demonstration and tribal houses constructed to higher energy efficiency standard  
 New home buyers given information to help them understand the energy choices that confront them  
 Architects and engineers trained

Commercial and Industrial  
 Building managers trained through workshops, videos and print materials  
 Local government buildings analyzed for efficiency improvements and on-site technical assistance provided  
 Local governments assisted in making energy policy choices

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
	12	40	12	12
	300	350	350	350
	200	300	300	300
	40	75	50	50
	200	250	300	300
	50	50	50	50
	3,000	4,000	4,000	4,000
	8	8	8	8
	10	10	10	10

Industrial				
Farmers and ranchers trained to reduce diesel fuel use in tractors and combines	150	150	150	150
Farmers and ranchers trained to improve irrigation practices	100	100	50	50
Wood products companies analyzed to improve operating efficiency and on-site technical assistance provided	13	12	10	10
New applications of wood or agricultural wastes engineered and constructed	3	3	4	4
Education/General Awareness				
Teachers trained	200	200	200	200
Citizens obtaining energy information	10,000	10,000	10,000	10,000

## Increase or Decrease from Base

<u>Item</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
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### Modification Requests: Conservation Increase

\$107,000      \$334,500

The Energy Division expects to receive additional federal funds from the U.S. Department of Energy because of the renewed national emphasis on energy conservation and renewable energy as alternatives to high priced and uncertain supplies of imported oil. These funds will be available for grants to develop biomass energy resources from agricultural and wood wastes. The grants will be used to assist in the development of alternative transportation fuels, especially diesel fuel which is critical to the agricultural industry in Montana and for transporting products to and from Montana markets. Grants also will be used to assist in the development of biomass fuels for process heat and space heating in Montana's commercial businesses and industries.

Additional funding also will be available to provide Montana consumers, businesses and industries with information on energy conservation opportunities and other renewable energy options. The Energy Division will examine industries that have a high potential for energy conservation and offer services to assist in accomplishing that conservation. The mining industry will be one of the industries targeted because of the growth in this industry and the relatively high energy use in mining.

New technologies will be studied for their applicability to Montana. Information on these technologies and assistance in developing or using the new technologies will be provided to the consumers, businesses and industries that can benefit from them. Additional information will be provided to consumers on technologies to renovate existing houses, and to the state and local governments on procurement practices to encourage energy conservation and to institute recycling of paper and oil.

# STATE BUILDING CONSERVATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	0.00	0	261,205	0	261,205	261,205	0	261,205
Grants	0.00	636,807	1,225,000	0	1,225,000	1,225,000	0	1,225,000
Debt Service	0.00	0	700	0	700	700	0	700
Total Agency Costs	\$0.00	\$636,807	\$1,486,905	\$0	\$1,486,905	\$1,486,905	\$0	\$1,486,905
State Special Revenue Fund	0.00	0	1,225,000	0	1,225,000	1,225,000	0	1,225,000
Federal Special Revenue Fund	0.00	636,807	261,905	0	261,905	261,905	0	261,905
Total Funding Costs	\$0.00	\$636,807	\$1,486,905	\$0	\$1,486,905	\$1,486,905	\$0	\$1,486,905

## Goals

- o Increase energy efficiency and reduce operating costs in state facilities through installation of cost-effective energy improvements.

## Authorization

Mont. Code Ann. §90-4-601 et seq. (1989)  
State Building Energy Conservation Program authorizes the Department to analyze state owned buildings to identify cost-effective energy efficiency improvements, to develop and present debt financing packages for legislative approval to fund the installation of these measures, and to monitor the actual energy savings from the retrofits to ensure that they are sufficient to retire the debt incurred.

## Base Program

The Conservation and Renewable Energy Bureau also manages the State Building Energy Conservation Program.

The State Building Energy Conservation Program increases energy efficiency in state government buildings. This translates into direct dollar savings to the state through reduced operating expenses and through

replacement of deteriorating equipment such as boilers and distribution systems.

Through this program, the Energy Division contracts with private engineering firms to perform comprehensive energy analyses on state buildings and building complexes. The engineering firms recommend cost-effective energy improvements that could be made to these buildings. The Energy Division uses this information to develop proposed financing packages that would use general obligation bonds to finance the energy improvements. The financing packages are structured so that the projected annual savings from the proposed energy efficiency improvements exceed the debt service on the bonds.

These financing packages are presented to the Legislature for approval.

Once the Legislature has approved the financing packages, the Energy Division enters an interagency agreement with the Department of Administration (DOA). DOA then procures design and construction services, using the same mechanism as the state's Long-Range Building Program. Installation of energy improvements is considered "construction" according to state guidelines.

When the project design is completed and the construction and/or installation of the energy improvements is ready



to begin, the Energy Division sells general obligation bonds through the Board of Examiners to finance the work. After the energy improvements are in place, the division provides on-going training and technical assistance to facility staff to ensure that energy savings are maintained.

A portion of the bond proceeds is set aside to fund analysis, design and program administration for the next round of projects. In this manner, the program is able to continue without additional federal or state funding.

It is important to note that the cost of doing nothing is greater than the cost of implementing this program. State government currently spends more than \$13 million per year to heat, light and cool its buildings. Based on the Department's experience with energy retrofits on schools and hospitals in Montana, savings in excess of 25 percent can be obtained through this type of energy conservation effort. Applying this to all state buildings could yield savings of more than \$3 million per year at today's energy prices.

The state realizes net savings because the reduction in utility costs exceeds the financing costs of doing the work. The energy improvements result in reduced utility costs without lowering heating levels or sacrificing occupant comfort. Reduction of the utility costs allows the Legislature to correspondingly reduce the utility budgets of agencies participating in this program, with the savings used to cover the bond payments. The financing packages are designed so that the savings exceed the financing cost, which saves the state money even while the bonds are being repaid. Once the bonds are retired, net savings increase and continue to accrue throughout the life of the improvements.

## Base Funding

The Department proposes to fund program analysis, design, administration, and training for the 1993 biennium through carryover oil overcharge funds appropriated for this purpose during the 1989 Legislative session. The projected cost of energy improvements on two of the major projects authorized for the 1991 biennium -- the Montana

Developmental Center at Boulder and the Montana State Hospital at Galen -- have been significantly reduced because of major operating changes now being considered for these facilities.

As a result, the Energy Division is able to fund the remaining currently-approved projects without selling bonds during the 1991 biennium, and expects to be able to carryover the \$550,000 appropriated to this program for FY 90-91 in HB 563 (Chapter 597 of the Montana Session Laws of 1989). This \$550,000 budget is presented above. The division is asking to carry these funds over to the 1993 biennium.

The Department also will ask the Legislature to approve a retrofit package for additional state buildings now being analyzed. The proposal will request authority to sell up to \$3 million in general obligation bonds for this retrofit work and for design, analysis and administration costs to be incurred in the FY 94-95 biennium. This \$3 million is not included in the Department's base request because the program is structured to allow the Legislature to specifically approve or deny the bond package each session. The Energy Division is requesting spending authority for \$2.45 million of the bond proceeds during the 1993 biennium; the remaining \$550,000 of bond proceeds would be used for analysis, design and administration during the 1995 biennium.

## Performance Indicators

Analyses completed	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Retrofit projects completed	4	4	4	4



# RECLAMATION DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	42.00	10.62	52.62	42.00	13.00	55.00
Personal Services	0.00	0	1,261,066	300,624	1,561,890	1,260,049	364,499	1,624,548
Operating Expenses	0.00	0	3,785,440	1,083,970	4,869,410	3,789,874	1,055,469	4,845,343
Equipment	0.00	0	81,357	96,375	171,732	81,357	2,500	83,657
Capital Outlay	0.00	0	5,000,000	0	5,000,000	5,000,000	0	5,000,000
Total Agency Costs	\$0.00	\$0	\$10,127,863	\$1,475,169	\$11,603,032	\$10,131,280	\$1,472,468	\$11,553,748
General Fund	0.00	0	315,327	0	315,327	315,573	0	315,573
State Special Revenue Fund	0.00	0	224,005	1,438,712	2,662,717	1,226,766	1,404,866	2,631,632
Federal Special Revenue Fund	0.00	0	8,588,531	36,457	8,624,988	8,588,941	17,502	8,606,443
Total Funding Costs	\$0.00	\$0	\$10,127,863	\$1,475,169	\$11,603,032	\$10,131,280	\$1,472,468	\$11,553,748

## Overview

The Reclamation Program is administered by the Reclamation Division in Helena. The Reclamation Division is responsible for the administration and enforcement of all of Montana's mined land reclamation and regulation statutes and administrative rules. This involves the regulation of mining on all lands within the state, regardless of ownership, and the reclamation of active and abandoned mine sites. This program has impacts on every county in Montana. The Montana Environmental Policy Act is supplemental to the mining regulation statutes and is used to determine the environmental impacts of mine development and reclamation. Program services include:

1. reviewing applications for exploration, prospecting and mining activities;
2. calculating reclamation bond amounts;
3. making permitting decisions for the issuance or denial of mining permits and licenses for exploration and mining of all minerals including sand, gravel, copper, gold, silver, coal and uranium;
4. on-the-ground compliance and enforcement evaluations;

5. evaluation and approval of reclamation bond release applications;
6. coordination with other state and federal agencies;
7. coordination with the mineral developer, public interest groups and environmental groups;
8. preparation of the environmental impact assessment documents in the form of Environmental Analyses or Environmental Impact Statements to insure compliance with the Montana Environmental Policy Act; and
9. reclamation of abandoned mines.

The Reclamation Program (Program No. 27) is made up of the following control variables:

1. Reclamation Administration CV 03003
2. Openpit Bureau CV 03113
3. Coal and Uranium Bureau CV 03115
4. Abandoned Mine Reclamation Bureau CV 03167
5. Hard Rock Bureau CV 03185
6. Environmental Analysis Program CV 03333

# RECLAMATION ADMINISTRATION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Personal Services	0.00	0	79,695	109,528	189,223	79,652	109,284	188,336
Operating Expenses	0.00	0	517,849	1,042,721	1,560,570	517,985	1,008,409	1,526,354
Equipment	0.00	0	300	22,880	23,180	300	0	300
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$597,844</b>	<b>\$1,175,129</b>	<b>\$1,772,973</b>	<b>\$597,937</b>	<b>\$1,117,693</b>	<b>\$1,715,630</b>
General Fund	0.00	0	3,806	0	3,806	3,781	0	3,781
State General Revenue Fund	0.00	0	563,073	1,133,673	1,693,748	560,193	1,103,035	1,663,555
Federal Special Revenue Fund	0.00	0	33,965	41,454	75,419	33,963	14,653	48,621
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$597,844</b>	<b>\$1,175,129</b>	<b>\$1,772,973</b>	<b>\$597,937</b>	<b>\$1,117,693</b>	<b>\$1,715,630</b>

## Goals

Achieve effective reclamation of all lands disturbed by the taking of natural resources;

Oversee the orderly development of natural resources;

Maintain state administration of the mined land reclamation programs;

Provide efficient, effective and economic program management;

Establish and implement effective, efficient, economic and reasonable policies and internal support systems for programs administering mining and reclamation statutes;

Provide administrative and budgetary support for programs administering mining statutes;

Administer policies and procedures regarding personnel management; and

Identify and propose state and federal legislation to more efficiently implement mined land reclamation statutes.

Administer and enforce provisions of the Montana Environmental Policy Act with respect to Montana's mined land reclamation statutes.

Provide a consistent procedure to identify and evaluate primary, secondary and cumulative impacts, alternatives, mitigations and related actions;

Utilize a systematic, interdisciplinary approach to insure the integrated use of the natural and social sciences and the environmental design arts in planning and in decision making;

Ensure full public disclosure and public involvement in mine permit issuance or denial actions.

To attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable or unintended consequences.

## Authorization

Art. IX, Section 2 Montana Constitution  
Reclamation (1) All lands disturbed by the taking of natural resources shall be reclaimed. The legislature shall provide effective requirements and standards for the reclamation of lands disturbed.

75-1-103, MCA

The Montana Environmental Policy Act. As a supplemental legislation, promotes efforts to eliminate or minimize impacts of mining to the environment and provides for public participation in the permitting process. Authorizes agencies to collect fees for EIS preparation and defines areas of environmental analysis and public involvement procedures.

## Base Program

The Reclamation Administration Program is made up of two control variables: CV03003, Reclamation Administration; and CV03333, Environmental Analysis Program.

The Reclamation Administration Program of the Reclamation Division is responsible for the overall management, policy development, coordination and evaluation of all programs within the Division. Specifically, the bureaus within the Division are responsible for the technical and scientific evaluations and recommendations to either issue or deny a permit to mine; compliance evaluation and enforcement of mining and prospecting operations; and reclamation of all active and abandoned mine sites. The multi-disciplinary staff conduct the technical and compliance analyses of mining, operations, and reclamation plans for proposed and existing mines and prospecting sites. Evaluations are required to consider the provisions of the specific mined land reclamation statute and the Montana Environmental Policy Act.

The Division's functions are closely coordinated with other state programs and federal agencies such as the federal Office of Surface Mining Reclamation and Enforcement, the Bureau of Land Management, the U.S. Forest Service, the Environmental Protection Agency,

public interest organizations and environmental groups.

Administration of all of the mining and reclamation programs requires the management of complex scientific and technical issues. Extensive public interest, public involvement, public hearings, enforcement hearings, and issue resolution requires extensive management coordination.

The function of the Environmental Analysis Program is to prepare Environmental Impact Statements pursuant to the requirements of the Montana Environmental Policy Act. The preparation of an EIS is the responsibility of the agency that will be making the permitting decision. This is accomplished by contracting with independent third party environmental consultants that prepare the actual EIS document under the guidance of Department staff.

Current level FTE's are 2.60 to support all functions of the program. The FTE's consist of Administrator, secretary, MEPA Coordinator, and Superfund Hazardous Waste Specialist.

## Base Funding

A 1.0 FTE Superfund Hazardous Waste liaison position is funded with 100% federal funds. The remaining 1.60 FTE's are funded by state funds. The state funded share of program costs are RII.

Environmental Analyses Program funding in 100% State Special Revenue. Fees are collected from the applicant requesting the state action pursuant to 75-1-205, MCA. Spending authority is granted to the Department for projects requiring EISs.

## Performance Indicators

NOTE: Performance Indicators applicable to Reclamation Administration are found in each Control Variable narrative.

# Performance Indicators: Environmental Analysis Program

Prepare EISS

## Increase or Decrease from Base

1. The Executive Budget includes an increase of one (1) FTE secretarial position for FY 92-93 for the Reclamation Administration program. This position will provide the Division with clerical and program assistance currently not available under the planned reorganization of the DSL and DNRC.

FY 92	FY 93
\$18,840	\$18,798

2. The Executive Budget also includes an increase of \$34,300 in FY 92 to offset the following costs for agency reorganization:

1. Moving Expense - \$6,000
2. ADP Network - \$6,500
3. Partitions and Office Equipment - \$20,000
4. Phone and Computer Installation - \$1,800

FY 92	FY 93
\$34,300	0

Funding Source:	
02458 Reclamation and Development	\$4,140
03067 Federal Reclamation Grant	\$41,454
	\$14,658

3. The Executive Budget includes an increase of \$1,000,000 for each year of the biennium to prepare EISS that are associated with anticipated increases in mine permitting activity. This will bring the total program budget to \$1,500,000 for each year of the biennium. This estimate is based on an estimate of 5 EIS documents at \$300,000 each.

FY90	FY91	FY92	FY93
<u>Actual</u>	<u>Enacted</u>	<u>Base</u>	<u>Base</u>

9	8	5	5
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FY 92	FY 93
\$1,000,000	\$1,000,000

Funding Source: 92838 Environmental Impact Statements (State Special Revenue)

4. The Executive Budget includes funding for three full-time employees to provide a core staff to manage the continuing workload in preparation of EAS and EISs. These FTE's would be responsible for coordinating the environmental analysis workload, EIS contract management and interagency (State and federal) coordination. Without these FTE's, these duties become the responsibility of Hard Rock Bureau and Coal Bureau technical staffs who are already busy completing permit application reviews and inspection and enforcement activities. In December 1989 the Reclamation Division obtained approval for 3 modified level FTE positions through an Operations Plan change. These positions are being continued in this program expansion. Program cost is \$121,721.

FY 92	FY 93
\$121,721	\$98,637

Funding Source:  
01828 Environmental Impact Statements (State Special Revenue)

# OPENCUT MINING

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	3.00	.00	3.00	3.00	.00	3.00
Personal Services	0.00	0	104,375	329	104,704	104,132	332	104,464
Operating Expenses	0.00	0	40,679	50,359	91,038	41,283	50,159	91,442
Equipment	0.00	0	3,319	0	3,319	3,319	0	3,319
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$148,373</b>	<b>\$50,688</b>	<b>\$199,061</b>	<b>\$148,734</b>	<b>\$50,491</b>	<b>\$199,225</b>
General Fund	0.00	0	78,202	0	78,202	78,137	0	78,137
State Special Revenue Fund	0.00	0	70,171	50,688	121,859	70,597	50,491	121,088
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$148,373</b>	<b>\$50,688</b>	<b>\$199,061</b>	<b>\$148,734</b>	<b>\$50,491</b>	<b>\$199,225</b>

## Goals

- Provide for the reclamation and conservation of land subjected to opencut mineral mining.
- Effectively administer the Opencut Mining Act to achieve reclamation of all lands disturbed by the taking of sand, gravel, scoria, bentonite and phosphate rock.
- Maintain the state's clean and healthful environment for present and future generations.
- Protect the environmental life-support systems from degradation.
- Preserve natural resources to aid in the protection of wildlife and aquatic resources, to safeguard and reclaim through effective means all agricultural, recreational, home and industrial sites.
- Prevent unreasonable degradation of the state's natural resources.
- Prevent undesirable land, surface water, and groundwater conditions detrimental to the general welfare, health, safety, ecology and property rights;

- Promote successful reclamation of opencut sites by assisting operators in complying with the requirements of the law.
- Strive to make permitting decisions in a timely manner;
- Promote and perpetuate the taxable value of property, to protect scenic, scientific, historic, or other unique areas.
- Promote effective, efficient and economic program management.
- Administer the statute in a fair and unbiased manner.
- Promote the health, safety and general welfare of the people of Montana.

## Authorization

Art. IX, Section 2, Montana Constitution  
 Reclamation (1) All lands disturbed by the taking of natural resources shall be reclaimed. The legislature shall provide effective requirements and standards for the reclamation of lands disturbed.

32-4-401, MCA

The Montana Opencut Act authorizes the Department to enter into mined land reclamation contracts when it is found on the basis of the information set forth in the application and an evaluation of the operation and the proposed site, that the requirements of the Act will be observed and that the operation and reclamation of the affected area can be carried out consistently with the purpose.

75-1-103, MCA

The Montana Environmental Policy Act. As a supplemental legislation, promotes efforts eliminate or minimize impacts of mining to the environment and provides for public participation in the permitting process.

### **Base Program**

This program requires and evaluates reclamation on opencut mines ranging in size from  $\frac{1}{2}$  acre to over one thousand acres, including the largest underground phosphate mine in the world. Total permitted area exceeds 50,000 acres. Each of the 2300 operations that are under a reclamation contract with the Department is required to have a site specific plan of operations and reclamation plan. The bureau staff conducts technical, scientific and legal evaluations of the permit applications. Based upon these evaluations, the bureau must determine whether to issue or deny the permit application.

Over 250 applications are received annually. Each application requires a pre-mine site evaluation, operating and reclamation plan evaluation, and reclamation bond calculation. The bureau conducts on-the-ground compliance evaluations and issues notices of noncompliance and assesses civil penalties for violations of the terms of the Opencut Act or Opencut contract. Nearly 200 bond releases are requested and evaluated each year. Many more sites are actually evaluated for bond release, but many do not meet reclamation standards. An additional 3000 annual site evaluations should be completed to ensure compliance and recognize and mitigate potential and existing problems.

Operators typically request bureau assistance as Opencut reclamation experts for ideas on reclamation techniques, problems, and mediation. Landowners and public interest groups frequently request staff assistance, public meetings and administrative appeals. Opencut Program emphasis is more on reclamation than regulation.

Technical, scientific and legal evaluations are required to consider the provisions of the Opencut Act and Montana Environmental Policy Act. Opencut mine permitting must be coordinated with requirements of other state programs and federal agencies such as Bureau of Land Management, the U.S. Forest Service, the Environmental Protection Agency, public interest organizations and environmental groups.

This program is staffed with 3 FTEs (2 FTEs located in Helena and 1 FTE in Billings.)

### **Base Funding**

The Opencut Mining Bureau is 100% state funded. The state funding is currently a combination of RIT and General Funds.



## Performance Indicators

Applications Received  
Contracts Issued  
EA's Completed  
Mine site evaluations  
(Pre, on-going, post,  
bond, and requests)  
Assistance Requests  
(administrative)  
Citizen Complaints  
Notices of Non-  
compliances  
Bond Release Re-  
quests  
  
Bonds Released  
(full & partial)  
Bonds Forfeited  
(reclamation under-  
way or complete)

<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
235	260	250	250
230	255	245	245
235	260	250	250
1574	3120	3090	3090
160	180	175	175
46	60	55	55
22	25	25	25
240	250	245	245
165	180	175	175
6	8	7	7

## Increase or Decrease from Base

1. The Executive Budget includes spending authority for \$50,000 for each year of the biennium (\$100,000 for the biennium) for the reclamation of Opencut Mine sites on which the Department has forfeited the reclamation bonds. The 1989 legislature approved a State Special Revenue Continuing Appropriation of \$50,000, but the experience of FY 90/91 demonstrated that the Opencut Bureau requires \$50,000 per year spending authority to complete

reclamation. The bureau estimates 5 bond forfeitures per year at \$10,000 each or \$50,000 per year.

FY 92      FY 93  
\$50,000    \$50,000

### Funding Source:

02096 Reclamation Bond Forfeitures(State Special Revenue)



# COAL AND URANIUM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	14.90	3.58	18.48	14.90	5.00	19.90
Personal Services	0.00	0	456,825	101,316	558,141	456,510	140,636	597,146
Operating Expenses	0.00	0	283,026	-61,864	221,162	284,046	-56,110	227,936
Equipment	0.00	0	37,688	35,725	73,413	37,688	2,500	40,188
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$777,539</b>	<b>\$75,177</b>	<b>\$852,716</b>	<b>\$778,244</b>	<b>\$87,026</b>	<b>\$865,270</b>
State Special Revenue Fund	0.00	0	218,424	25,420	243,844	218,732	28,674	247,406
Federal Special Revenue Fund	0.00	0	559,115	49,757	608,872	559,512	58,352	617,864
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$777,539</b>	<b>\$75,177</b>	<b>\$852,716</b>	<b>\$778,244</b>	<b>\$87,026</b>	<b>\$865,270</b>

## Goals

Achieve effective reclamation of all lands disturbed by the taking of coal and uranium;

Maintain state administration of the coal mining regulatory program;

Prevent the loss of coal resources through coal conservation;

Prevent undesirable land, surface water and groundwater conditions detrimental to the general welfare, health, safety, ecology and property rights;

Maintain and improve the state's clean and healthful environment for present and future generations;

Protect the environmental life-support system from degradation;

Prevent unreasonable degradation of the state's natural resources;

Restore, enhance, and preserve the state's scenic, historic, archaeological, scientific, cultural, and recreational sites;

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT

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Administer and enforce a reclamation program which complies with Public Law 95-87, the Surface Mining Control and Reclamation Act of 1977.

Strive to make permitting decisions in a timely manner;

Promote effective, efficient and economic program management.

Administer the law in a fair and unbiased manner.

## Authorization

Art. IX, Section 2 Montana Constitution  
Reclamation (1) All lands disturbed Montana Constitution  
taging of natural resources shall be reclaimed. The  
legislature shall provide effective requirements and  
standards for the reclamation of lands disturbed.

82-4-101 to 82-4-142, MCA

The Strip and Underground Mine Act. Authorizes the  
Department to review new mine sites and reclamation plans  
to insure that adequate information is available to  
properly formulate reclamation plans.

82-4-201 to 82-4-254, MCA

The Montana Strip and Underground Mine Reclamation Act.  
Authorizes the Department to administer and enforce all

RECLAMATION

provisions of the Act and rules regarding coal and uranium mining and prospecting.

75-1-103, MCA

The Montana Environmental Policy Act. As a supplemental legislation, promotes efforts to eliminate or minimize impacts of mining to the environment and provides for public participation in the permitting process.

Federal Public Law 95-87, Title V  
Surface Mining Control and Reclamation Act of 95-87, 1977  
governed by the Dept. of Interior, Office of Surface Mining Reclamation and Enforcement. Authorizes States to administer and enforce an approved program with Primacy and through cooperative agreement, on federal lands.

### **Base Program**

The Coal and Uranium Bureau is responsible for administering the Strip and Underground Mine Reclamation Act, the Strip Mine Siting Act, and the Montana Environmental Policy Act with respect to coal and uranium mine regulation. Specifically, the Bureau is responsible for determining whether or not to issue or deny mining permits, completing on-the-ground compliance evaluations and enforcement of mining and prospecting operations and determining if the reclamation bond can be released for successful reclamation for all coal and uranium operations. The multi-disciplinary staff conducts analyses of mining, operations, and reclamation plans for mines and prospecting sites. Technical, scientific and legal evaluations are required to administer the provisions of the above described statutes. The Bureau must coordinate all permitting actions with requirements of other state programs and federal agencies such as the federal Office of Surface Mining Reclamation and Enforcement, the Bureau of Land Management, the U.S. Forest Service, the Environmental Protection Agency, public interest organizations and environmental groups.

The Bureau's functions are closely coordinated with the federal Office of Surface Mining Reclamation and Enforcement, Department of Interior. As provided by the Public Law 95-87, the Surface Mining Control and

Reclamation Act, Cooperative Agreement the bureau administers the federal coal program (through "as effective as" regulations) on federal lands.

Current level FTE's are 14.90 to support all functions of the program. A liaison position with the Air Quality Bureau is also funded. Bureau staffing requirements are outlined in the federally approved Permanent Program.

### **Base Funding**

Coal and Uranium Bureau is funded by a combination of state and federal funds. The federal share is based on a requirement in federal law that provides 100% federal funding for the cost of the program on federal lands and 50% funding for the cost of the program on non-federal lands. Funding is determined by actual number of acres under permit and the proportional share of federal and non-federal ownership. This results in program funding of 70% federal and 30% state. State funding is RIT. As the actual permitted acreage changes, so does the state and federal funding percentages.

## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Applications processed new and renewals	3	4	4	4
Permits issued	7	7	8	8
Amendments/Major revisions	6	5	5	5
Amendments/Revisions issued	3	3	3	3
Minor Revisions	75	80	85	85
Complete Inspections	140	140	145	145
Partial Inspections	150	150	160	160
Citizen Complaints	20	10	10	10
Notices of Noncompliance	25	25	25	25
Cessation Orders	1	1	1	1
Administrative hearings	25	25	25	25
Civil Cases	10	10	10	10
Designation of Lands Unsuitable	0	1	1	1
Alluvial Valley Floor Determ.	1	1	1	1
EISS in process	1	1	1	1
EAS in process	5	5	5	5
Prospecting Permits/Amendments	15	15	15	15
Bond releases	1	1	3	3
Federal overrights/TDNS	6	4	4	4
Rulemaking	3	1	1	1

## Increase or Decrease from Base

1. The Executive Budget includes an increase in authorization for category 2102, Consulting and Professional Services in FY92 and FY93 to meet increasing requirements in specialized permitting problems. This increased activity is expected to continue through FY 93. The increase of category 2102 to \$90,000 brings this item more in line with current and expected expenditures.

2. The Executive Budget included a decrease in category 2175 for system development funds for the procurement of automated modelling systems. The Bureau is completing development of its modelling program with funds available.

3. In expenditure category 2528, the Coal and Uranium Bureau has a decrease in rent/non-Department of Administration buildings. Under the proposed interdepartmental reorganization the Reclamation Division would move to the Lee Metcalf Building eliminating the need for rent in the non Department of Administration funds. All funds for Coal Bureau (Helena) rent have been transferred to Centralized Services Division, Department of Natural Resources and Environment. (Note: The budget for the Reclamation Division's rent was based upon the assumptions that: 1) the division would be transferred to DNRE; and 2) the division would physically move to the Lee Metcalf building approximately July 1, 1991. If the Reclamation Division does not physically relocate to the Lee Metcalf Building, the amount of this decrease will need to be restored to the Coal Bureau budget.

4. Funds in category 2827, Indirect/Administrative Costs, have been transferred from the Coal and Uranium Bureau budget to the Centralized Services Division, Department of Natural Resources and Environment. These funds are made available through the federal grant program.

FY 92	FY 93
- \$67,957	- \$68,339

5. The Executive Budget includes an increase of 3.58 FTE in FY 92 and 5.00 FTE in FY 93. These FTE are required to meet an existing increased workload and expected increase in FY 92. This workload results from the management of existing and new mines as they are permitted, applications for amendments to existing mines, and an anticipated workload increase due to bond release requests. The FTE positions are comprised of two hydrologists, one civil engineer, one vegetation expert and one computer statistician position.

FY 92	FY 93
\$143,134	\$155,365

Funding Source:  
 Reclamation and Development:  
     \$ 43,098      \$ 46,831  
 Federal Reclamation Grant:  
     \$100,036      \$108,534

# ABANDONED MINE RECLAMATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	9.50	.00	9.50	9.50	.00	9.50
Personal Services	0.00	0	269,548	835	270,383	269,149	845	269,994
Operating Expenses	0.00	0	2,699,353	-55,589	2,643,764	2,699,767	-56,253	2,643,514
Equipment	0.00	0	26,550	0	26,550	26,550	0	26,550
Capital Outlay	0.00	0	5,000,000	0	5,000,000	5,000,000	0	5,000,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$7,995,451</b>	<b>\$-54,754</b>	<b>\$7,940,697</b>	<b>\$7,995,466</b>	<b>\$-55,408</b>	<b>\$7,940,058</b>
Federal Special Revenue Fund	0.00	0	7,995,451	-54,754	7,940,697	7,995,466	-55,408	7,940,058
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$7,995,451</b>	<b>\$-54,754</b>	<b>\$7,940,697</b>	<b>\$7,995,466</b>	<b>\$-55,408</b>	<b>\$7,940,058</b>

## Goals

Administer and enforce a reclamation program which complies with Public Law 95-87, the Surface Mining Control and Reclamation Act of 1977, Title IV and National Contingency Plan of CERCLA.

Provide for annual reclamation construction projects equal to the federal funding allocated to Montana for reclamation of abandoned mines;

Provide for the identification and reclamation of abandoned mines to eliminate hazards to health and safety;

Complete construction projects within three years of obtaining funding;

Stimulate Montana's economy by spending the state share of the abandoned mine funding;

Promote effective, efficient and economic program management.

Maintain and improve the state's clean and healthful environment for present and future generations;

Prevent unreasonable degradation of the state's natural resources;

Restore, enhance, and preserve the state's scenic, historic, archaeological, scientific, cultural, and recreational sites affected by abandoned mines.

Achieve the reclamation of all lands disturbed by the taking of natural resources at abandoned mines.

Recognize that complete restoration to an original condition is precluded by some types of activities, however minimization of impacts to the extent practicable and reasonable is required;

Establish, on a continuing basis, the vegetative cover, soil stability, water condition, and safety condition appropriate to any proposed subsequent use of the area.

## Authorization

- Federal Public Law 95-87, Title IV Surface Mining Control and Reclamation Act of 1977 administered by the Dept. of Interior, Office Amendments effective of Surface Mining authorizes States to administer October 1, 1991 federally funded abandoned mine reclamation programs.



- Montana Statutes, Title 82, Chapter 4, Part 2, 3, and 4 The Montana Strip and Underground Mine Reclamation Act, The Opencut Act, and the Parts 2, 3, and 4 Montana Metal Mine Rules and Regulations.

- Art. IX, Section 2 Montana Constitution Reclamation (1) All lands disturbed by the taking of natural resources shall be reclaimed. The legislature shall provide effective requirements and standards for the reclamation of lands disturbed.

- 75-1-103, MCA The Montana Environmental Policy Act. As a supplemental legislation, promotes efforts to eliminate or minimize impacts of mining reclamation to the environment and provides for public participation in the reclamation process.

- Common Rule Federal Register, March 11, 1988; pages 8034-8103. Uniform and administrative requirements for grants and cooperative agreements to state and local governments.

- CERCLA Comprehensive Environmental Response, Compensation & Liability Act of 1980 - The State models this program through MCA 75-10-701.

## Base Program

The Abandoned Mine Reclamation Bureau is responsible for administering Title IV of the Surface Mining Control and Reclamation Act of 1977 (P.L. 95-87) and the abandoned mine land portions of the Montana Strip and Underground Mine Reclamation Act, Montana Metal Mine Reclamation Act and the Montana Opencut Mining Act. The program is 100% federally funded through a federal tax on Montana's coal production. The AML Program receives approximately 50% of the federally collected funds to reclaim abandoned mine sites through annual Administrative and Construction Grants. These federal funds have been set aside specifically by federal law for a three year period to be

used for abandoned mine reclamation in Montana. The function of the bureau is to spend the grant money to reclaim lands and water resources which have been adversely affected by past mining practices where there is no continuing reclamation responsibility. If these funds are not spent to reclaim sites in Montana, the money will be spent to reclaim abandoned mines in other states. The actual on-the-ground reclamation construction work is accomplished by utilizing a combination of independent engineering consultants and construction contractors. Since the program was initiated in 1978, approximately 3,750 acres of abandoned mines at approximately 2,500 individual sites have been reclaimed at a cost of \$40 million. This money has gone directly into the Montana economy and has eliminated many serious abandoned mine safety and environmental problems.

The Bureau also completes reclamation projects by applying for Resource Indemnity Trust grants through the Reclamation and Development Grant Program of the Long Range Building Program that is administered by the Conservation and Resource Development Division, DSL. In addition, sites are reclaimed through use of the Governor's Emergency Contingency Fund.

The Bureau has 9.5 FTE's. These positions are made up of a Bureau Chief, Administrative Officer, 0.5 Secretary, five abandoned mine reclamation specialists, and 2 engineers.

## Base Funding

The Abandoned Mine Reclamation Program is 100% Federally funded through the following annual grants:

- Administrative Grant (\$2.6 million)
- Construction Grant (includes maintenance) (\$4.65 million)
- Emergency Grant (\$.25 million)
- 10% Set Aside Grant (for continuation of the program after 1995) (\$.4 million)

## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
<u>Workload Measures</u>				
Project Design	21	22	20	20
Construction Projects	15	24	15	15
Grant Applications	5	5	5	5
Financial Reports	12	12	12	12
Emergency Projects	1	1	1	1
Maintenance Projects	7	10	10	10
Coal Site Investigations	350	10	5	3
Hard Rock Investigations	2,500*	180	100	100
Sand & Gravel Invest.	0	500	200	200
Bentonite Investigations	10	10	10	10
Environmental Assessments	2	21	20	20
Records of Decision	11	21	20	20
Public Meetings	6	18	24	24
Professional Services				
Contract Administration	11	10	10	10
Construction Contract				
Administration	11	24	15	15
Inspections	200	400	275	275
Research & Development	4	3	3	3
Coordination with Federal				
and State Agencies	750	1,000	800	800
Secure, Open & Award Bids	3	24	15	15
Landowner Coordination	300	500	500	500
Grant Amendments/Revisions	3	3	3	3
Section 106 Compliance	76	180	100	100
Develop Procedure Manuals	4	2	0	0
Maintain Procedure Manuals	1	1	5	5
Maintain Equipment	96	96	96	96
Materials Testing	400	1,800	1,000	1,000
Personnel Appraisals	8	9	9	9
Citizen Interaction	110	180	240	240
Personnel Interviews	8	4	8	8

\* An inventory of all hard rock mines was conducted in 1989/90. Six-thousand hazardous openings were inventoried.



## Increase or Decrease from Base

- Minor adjustments are shown in personnel services and in the 2,000 category which increase as shown.

	FY 92	FY 93
Personnel services	\$835	\$845
Contracted services	\$1164	\$500
Total	\$1999	\$1345
Funding Source:	Federal Reclamation Grant	

- In expenditure category 2528, the Abandoned Mine Reclamation Bureau, has a decrease in rent/non Department of Administration buildings. Under the interdepartmental reorganization the Reclamation Division moves to the state-owned facility, Lee Metcalf Building. This reduces the requirement for rent from the Abandoned Mine Bureau in the amount of \$17,874. (Note: The budget for the Reclamation Division's rent was based upon the assumptions that: 1) the division would be transferred to DNRE; and 2) the division would physically move to the Lee Metcalf building approximately July 1, 1991. If the Reclamation Division does not physically relocate to the Lee Metcalf Building, the amount of this decrease will need to be restored to the Abandoned Mine Reclamation Bureau budget.

	FY 92	FY 93
	- \$17,874	- \$17,874

Funding Source: Federal Reclamation Grant

- In expenditure category 2827, the indirect/administrative costs are transferred from Abandoned Mine Reclamation budget to the Centralized Services of the Department of Natural Resources and Environment, a \$38,879 reduction in base.

	FY 92	FY 93
	- \$38,879	- \$38,879

Funding Source: Federal Reclamation Grant

Control Variable Total :	FY 92	FY 93
Personnel services	\$835	\$845
Contracted services	\$1164	\$500
Sub total	\$1999	\$1345
	- \$17,874	- \$17,874
	- \$38,879	- \$38,879
TOTAL	- \$54,754	- \$55,408

Funding Source: Federal Reclamation Grant

# HARD ROCK MINING

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	12.00	3.04	15.04	12.00	4.00	16.00
Personal Services	0.00	0	350,623	88,816	439,439	350,606	113,402	464,008
Operating Expenses	0.00	0	244,533	108,343	352,876	246,793	109,264	356,057
Equipment	0.00	0	13,500	31,770	45,270	13,500	0	13,500
Total Agency Costs	\$0.00	\$0	\$608,656	\$228,929	\$837,585	\$610,899	\$222,666	\$833,565
General Fund	0.00	0	233,319	0	233,319	233,655	0	233,655
State Special Revenue Fund	0.00	0	375,337	228,929	604,266	377,244	222,666	599,910
Total Funding Costs	\$0.00	\$0	\$608,656	\$228,929	\$837,585	\$610,899	\$222,666	\$833,565

## Goals

Provide that the usefulness, productivity, and scenic values of all lands and surface waters involved in mining and exploration will receive the greatest reasonable degree of protection and reclamation to beneficial use;

Recognize the recreational and aesthetic values of our land as a benefit to the state;

Provide for mineral exploration and mining while adequately providing for beneficial use of the lands to be reclaimed;

Prevent undesirable land, surface water and groundwater conditions detrimental to the general welfare, health, safety, ecology and property rights;

Provide for the variation in reclamation specifications to account for site-specific variability;

Recognize that complete restoration to an original condition is precluded by some types of activities, however minimization of impacts to the extent practicable and reasonable is required;

Establish, on a continuing basis, the vegetative cover, soil stability, water condition, and safety condition appropriate to any proposed subsequent use of the area.

Administer and enforce a reclamation program which complies with the Metal Mine Reclamation Act and related federal statutes under the Resource Conservation and Recovery Act (RCRA), as amended.

Strive to make permitting decisions in a timely manner; and

Promote effective, efficient and economic program management.

Administer the law in a fair and unbiased manner.

## Authorization

Art. IX, Section 2 Montana Constitution

Reclamation (1) All lands disturbed by the taking of natural resources shall be reclaimed. The legislature shall provide effective requirements and standards for the reclamation of lands disturbed.

82-4-301 to 82-4-362, MCA

The Metal Mine Reclamation Act. Authorizes the Department to evaluate new mine sites and reclamation plans and require that adequate information is available to properly formulate reclamation plans.

75-5-602 and 75-5-401, MCA

The Water Quality Act, and ARM 16.20.1012 Authorizes the Department to assure nondegradation of groundwater occurs at exempted mining and exploration operations.

75-1-103, MCA

The Montana Environmental Policy Act. As a supplemental legislation, promotes efforts to eliminate or minimize impacts of mining to the environment and provides for public participation in the permitting process.

## **Base Program**

The Hard Rock Bureau is responsible for administering the Metal Mine Reclamation Act and supplemental statutes. Specifically, the bureau is responsible for all permitting, on-the-ground compliance evaluations and enforcement, issuance of notices of noncompliance, assessment of civil penalties for violations of the terms of the statute or permit conditions, reclamation and bond release determinations for all mining and prospecting operations in the hard rock mining industry. The multidisciplinary staff conduct a technical, scientific and legal analysis of mining, operations, and reclamation plans on mines and prospecting sites for compliance with the Act. Technical, scientific and legal evaluations are also required to consider the provisions of the Montana Environmental Policy Act. The Bureau must coordinate permit application evaluation with requirements of other state programs and federal agencies such as the Bureau of Land Management, the U.S. Forest Service, the Environmental Protection Agency, public interest organizations and environmental groups. The interactions between the Bureau and these agencies are outlined in agency-specific Memorandum of Understanding. The bureau is also responsible for permitting cyanide processing by Small Miners, as defined by the Act, and for ensuring a reclamation bond is held and reclamation is completed by Small Miners' placer and dredge operations.

Current level FTE's are 12 to support all functions of the program. A liaison position with the Water Quality Bureau is also funded.

## **Base Funding**

Hard Rock funding is 100% state funded. The state funding is currently a combination of RIT and General Funds.

# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Applications processed (new)				
Permits issued	6	10	10	10
Permit Renewals	3	4	5	8
Amendments/Major revisions	90	94	99	107
Amendments/Revisions issued	15	15	15	15
Resubmittals Processed	10	15	15	15
EISs in process*	25	30	30	30
EAs (Draft & Final)**	8	6	4	4
Total Operating Permits	46	46	46	46
Exploration Permits	90	94	99	107
Exploration Projects	45	45	45	45
Small Miners	142	142	142	142
Placer	800	800	800	800
Cyanide	1	2	2	2
Other 200	200	200	200	
Inspections	1600	1600	1600	1600
Citizen Complaints	20	10	10	10
Notices of Noncompliance	25	25	25	25
Cessation Orders	1	1	1	1
Administrative hearings	25	25	25	25
Civil Cases	10	10	10	10
Bond Releases: Exploration	39	39	39	39
Bond Releases: Permits	6	6	6	6
Permit Revocations†	1	1	1	1
Bond Forfeitures Initiated	3	3	3	3
Bond Forfeitures Completed	2	3	4	3
Federal over-sights**				
Rulemaking***	5	5	1	5

\*EISs: 1990-East Boulder, Nye Smelter, Montanore, Asarco Rock Creek, Stansbury, New World, Big Blackfoot, Zortman Landusky

\*\*EAs: 1990- Zortman-Landusky (Mill Gulch, Sullivan Park), Kendall, Golden Sunlight, Columbus Smelter, Amy, Goldstream, Basin Creek 003, Basin Creek 004, Tunnels, New Butte, Basin Creek 005....

\*\*\*Rulemaking: Blasting, Custom Mill, Cyanide, Placer, General Rewrite

## **Increase or Decrease from Base**

1. The Executive Budget includes an increase of four additional FTE to assure Departmental compliance with the Metal Mine Reclamation Act and the Montana Environmental Policy Act. These FTE include (a) an engineer (b) a hydrologist; (b) records manager and (c) attorney.

The engineer and hydrologist positions are necessary to provide additional technical expertise for permit application review. The records manager position is required to maintain permitting documents (approximately 100 operating permits, approximately 1000 small miner exclusion statements, and 250 exploration licenses.) The attorney position is needed to follow through on Hard Rock enforcement actions which are required to go through judicial proceedings if challenged by the violator. In addition, the number of bonding forfeitures and enforcement actions have increased through time due to an increase in numbers of operations and changes in economic viability of certain operations.

FY 92                      FY 93  
\$127,118                \$121,239

### **Funding Source: Reclamation & Development**

2. Bond Forfeitures and Hard Rock Mining Account  
The Executive Budget includes \$100,000 authority each year to reclaim sites for which reclamation bonds have been forfeited. The proposal also includes \$100,000 per year for reclamation projects where imminent hazards to public health and safety exist. Each account is increased \$50,000 per year over the base.

FY 92                      FY 93  
\$100,000                \$100,000

### **Funding Source:**

02096 Bond Forfeitures                \$50,000  
02451 Hardrock Mining Account        \$50,000

# ENVIRONMENTAL SCIENCES DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	22.53	5.00	27.53	22.53	5.00	27.53
Personal Services	0.00	0	759,615	136,085	895,700	758,990	135,671	894,661
Operating Expenses	0.00	0	1,405,345	-46,603	1,358,742	1,406,571	-48,074	1,358,497
Equipment	0.00	0	26,300	-123	26,177	26,300	-123	26,177
Grants	0.00	0	98,586	91,745	190,331	98,586	92,514	191,100
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$2,289,846</b>	<b>\$181,104</b>	<b>\$2,470,950</b>	<b>\$2,290,447</b>	<b>\$179,988</b>	<b>\$2,470,435</b>
General Fund	0.00	0	462,313	-54,663	407,650	461,007	-51,296	409,711
State Special Revenue Fund	0.00	0	1,137,249	306,571	1,443,820	1,137,317	303,806	1,441,123
Federal Special Revenue Fund	0.00	0	690,284	-70,804	619,480	692,123	-72,522	619,601
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$2,289,846</b>	<b>\$181,104</b>	<b>\$2,470,950</b>	<b>\$2,290,447</b>	<b>\$179,988</b>	<b>\$2,470,435</b>

## Overview

The Environmental Sciences Division Administration oversees the programs in the Air Quality, Underground Storage Tanks, Hazardous Waste and Solid Waste Bureaus.

The Air Quality Bureau is responsible for maintaining outdoor air quality levels considered safe to the public health and welfare through permit review, inspections, monitoring and information dissemination.

The Underground Storage Tanks Bureau tries to prevent leaks in underground storage tanks through identification, testing, inventory record keeping, groundwater monitoring, financial assurance for clean-up costs and implementing tank design and installation standards. The Leaking Underground Tank Trust Fund is federal funds used by states, under federal guidelines, to investigate and remediate tank leaks when the responsible party cannot be identified or when the responsible party will not act or respond quickly in an emergency situation, or when the responsible party is insolvent.

The Hazardous Waste Bureau administers a regulatory program that controls the generation, transport, treatment, storage and disposal of hazardous wastes. It also participates in the administration of the federal Superfund program, which allows the department to investigate potentially hazardous disposal sites to determine if past disposal practices are resulting threats to the public health or environment. The bureau administers the Comprehensive Environmental Cleanup and Responsibility Act, also referred to as the state Superfund Act. It allows the program to investigate and clean up, or require responsible parties to investigate and clean up, all hazardous waste sites in Montana not on the federal Superfund National Priority list.

The Solid Waste Bureau provides for licensing, technical assistance, inspections and enforcement for municipal and county governments and private solid waste management systems located throughout the state. The program also provides technical assistance for activities such as recycling, special waste management and administers the Motor Vehicle Recycling and Disposal Act, which is a regulatory program that control the disposal of junk vehicles and shielding of disposal sites.

## Authorization

MCA, Section 2-15-2103  
Provides for the creation of a division of environmental sciences.

MCA, Section 50-1-202  
Describes the general powers and duties of the department, including those related to the programs in the Environmental Sciences Division.



# DIVISION ADMINISTRATION

Full Time Equivalent Employees	Fiscal 1990		Fiscal 1991		Base		Fiscal 1992		Recommended		Base		Fiscal 1993		Recommended	
	Actual		Appropriated				Incr/Decr						Incr/Decr			
	.00		.00		123,222		.00		123,771		123,041		.00		123,591	
Personal Services	0.00		0		74,854		549		75,363		74,904		603		75,507	
Operating Expenses	0.00		0		<u>\$198,076</u>		<u>\$1,058</u>		<u>\$199,134</u>		<u>\$197,945</u>		<u>\$1,153</u>		<u>\$199,098</u>	
Total Agency Costs	\$0.00		\$0													
General Fund	0.00		0		82,492		-31,679		50,813		82,293		-29,419		52,874	
State Special Revenue Fund	0.00		0		115,584		32,737		148,321		115,652		30,572		146,224	
Total Funding Costs	\$0.00		\$0		<u>\$198,076</u>		<u>\$1,058</u>		<u>\$199,134</u>		<u>\$197,945</u>		<u>\$1,153</u>		<u>\$199,098</u>	

## Overview

The Division Administration provides the oversight and coordination of its environmental programs. It also conducts mandated special projects for which resources are not available within the bureaus. Such projects include the federally-mandated emergency planning and community right-to-know (SARA Title III) program, inter-department and regional emergency response notification and coordination of inter-agency and intra-department Montana Environmental Policy Act projects.

## Goals

The goal of the Environmental Sciences Division Administration is to 1) provide coordination and direction to division programs; 2) to provide the necessary leadership for programs to work collectively and cooperatively to provide Montanans with a safe and healthful environment; 3) to assure that division programs operate as efficiently and cost-effective as possible; and 4) to provide the necessary liaison with other state, local, and federal governmental agencies as well as the general public, industry, and special interest groups.

## Authorization

MCA, Section 2-15-2103.

## Base Program

The Division Administration Office is staffed with 3 FTEs: the Division Administrator - 1.0 FTE; Administrative Officer V - 1.0 FTE; and a Secretary III - 1.0 FTE.

In addition to administering, managing and coordinating the activities of the bureaus, the division administration is responsible for the review of environmental impact statements and assessments prepared by other state and federal agencies, the coordination and/or preparation of technical and administrative reports, the coordination of environmental impact statements within the division, coordination of DNRE hazardous response notification, providing emergency response and public right-to-know information and the planning and implementation of special programs, such as hazardous materials emergency response.

The division administration also administers the authority to implement the Environmental Quality Protection Act. This is a general environmental cleanup

law that allows the DNRE to investigate contaminated sites, to pursue cleanup by responsible parties, or, if responsible parties cannot be found, initiate cleanup.

## Base Funding

The FY 90 appropriation for Environmental Sciences Administration is \$133,565 (General Fund - \$72,255, RIT \$61,310).

## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Contracts Processed	208	210	210	210
Admin. Meetings	52	52	52	52
B. Chiefs Meetings	28	30	30	30
Staff Meetings	235	225	225	225
Bus. & Ind. Meetings	50	50	50	50
EIS Reviewed	13	10	10	10
Env. Assessments	30	25	25	25
Pub. Info. Requests	390	390	390	390
Rt.-to-Know Info	560	560	560	560
Data Proc. Hours	1050	1050	1050	1050
Letters Replied	250	250	250	250

# EIS/VARIANCE

## Goals

The goal of the EIS/VARIANCE spending authority is to address permit and/or variance applications in a timely manner.

## Authorization

75-1-202 MCA  
75-1-205 MCA  
75-2-212 MCA

## Base Program

The purpose of the EIS/VARIANCE budget is to provide spending authority to enable efficient and speedy response to permit or variance applications that may require the drafting of an Environmental Impact Statement (EIS). The Montana Environmental Policy Act (MEPA) provides that for permit applications requiring the drafting of an EIS, the applicant may be required to pay the cost of the EIS. This spending authority allows DNRE to accept funding from the applicant and immediately initiate the processing of the permit and the development of the EIS without having to go through a time-consuming budget amendment process.

This program is provided to enable DNRE to respond in a timely manner to permit and/or variance applications that require the preparation of an EIS. This program provides for spending authority only - no state funds will be utilized. Permit or variance applicants provide the necessary resources to DNRE.

## Base Funding

The funding provided under this program is spending authority only. Spending authority in the amount of \$100,000 for the biennium is requested to accommodate EIS/VARIANCE support of permit applications that will be funded by the applicant.

## Performance Indicators

Performance indicators can not be realistically identified. In any given fiscal year, there could possibly be a number of permit/variance applications requiring the drafting of an EIS. Conversely, no such application may be made during any given fiscal year.

# AIR QUALITY

Full Time Equivalent Employees	Fiscal 1990	Fiscal 1991	Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Base	Incr/Decr
	.00	.00	19.53	5.00	19.53	24.53
Personal Services	0.00	0	636,393	135,536	771,929	771,070
Operating Expenses	0.00	0	330,491	-47,112	283,379	282,990
Equipment	0.00	0	26,300	-123	26,177	26,177
Grants	0.00	0	98,586	91,745	190,331	191,100
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,091,770</b>	<b>\$180,046</b>	<b>\$1,271,816</b>	<b>\$1,271,337</b>
General Fund	0.00	0	379,821	-22,984	356,837	356,837
State Special Revenue Fund	0.00	0	21,665	273,834	273,234	294,899
Federal Special Revenue Fund	0.00	0	690,284	-70,804	619,480	619,601
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,091,770</b>	<b>\$180,046</b>	<b>\$1,092,502</b>	<b>\$1,271,337</b>

## Goals

The major goal of the Air Quality Bureau is to ensure that Montana has a viable air quality program which is effective in protecting public health and welfare. A significant part of this goal is to continue state primacy for the federal air quality program; this is critical if we are to maintain control over implementation of air pollution regulations in Montana. The importance of continued primacy for the federal air program is underscored by the recently passed amendments to the Federal Clean Air Act. If Montana is to have a say in the impacts of the updated law within the state, delegation of the responsibility for carrying out federal regulations must be maintained. Specific goals of the Air Quality Bureau are as follows:

To maintain and enhance the Montana State Implementation Plan (SIP) to assure that Montana continues its primacy for the federal air quality program. To prepare area specific SIPs for those communities exceeding health based air quality standards and to define necessary measures to bring them into compliance.

To operate an effective air pollution source compliance program through the issuance of permits, regular inspections and enforcement actions against sources in violation of regulations. To respond to public complaints on air pollution problems. To implement a fee-supported air pollution operating permit system statewide and to effectively communicate with the public on air quality issues.

To continue surveillance of air quality across Montana through the operation of numerous ambient air quality monitoring stations.

To participate in cooperative programs and special studies to benefit or solve air quality issues and to address public health concerns.

To initiate a program for control of air toxics (non-criteria air pollutants) in preparation for the pending federal program.

## Authorization

MCA, Section 75-2-101, et seq.

The Clean Air Act of Montana establishes state policy to achieve and maintain such levels of air quality as will protect human health and safety and, to the greatest degree practicable, prevent injury to plant and animal life and property, foster the comfort and convenience of the people, promote the economic and social development of this state, and facilitate the enjoyment of the natural attractions of this state.

42 U.S.C. 7401, et seq.

The National Clean Air Act was designed to protect and enhance the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population. It states that the primary responsibility for the prevention and control of air pollution lies with state and local governments and it provides for technical and financial assistance to state and local governments in connection with the development and execution of their air pollution prevention and control programs.

## **Base Program**

The Air Quality Bureau carries out its responsibilities for the Montana Air Quality Program through four sections and through coordination with and support of four county air programs. A total of 24.53 full time equivalent (FTE) positions staff the following sections:

### Administration

The 4.5 FTE in this section provide policy and personnel management as well as budgeting and legal support for the bureau. Overall clerical and administrative support for the entire staff are provided by the 1.0 FTE Administrative Assistant and the 2 FTE Administrative Aide positions (1.5 FTE). The bureau chief (1.0 FTE) serves in a managerial role and has the primary responsibility for coordination and interaction with the Board of Natural Resources and Environment, the legislature, the Environmental Protection Agency (EPA) and the county air programs. 1.0 FTE attorney in the Department's legal unit is also funded by the bureau to provide legal support for enforcement, planning and regulatory development activities.

## Air Toxics and Planning

This section could presently be called the planning section because of the heavy workload in state implementation plan (SIP) development being carried by the 4.0 FTE. In addition to tracking and maintaining the Montana SIP, this section has primary responsibilities for developing SIPs for communities exceeding health based air quality standards. A recent mandate from EPA to rewrite significant sections of the statewide SIP is being handled by this group. Montana also has nine communities exceeding fine particulate (PM-10) standards, three cities exceeding carbon monoxide (CO) standards and one area violating the ambient air lead standard; area specific SIPs must be developed for each of these communities/areas and the SIPs must be approved by local and state officials and by the EPA. This group also conducts special studies in support of SIP preparation and they support the wood stove tax credit program enacted by the legislature. A recent 1.0 FTE addition to the air toxics and planning section will begin development of a program for controlling air toxics (non-criteria air pollutants) in Montana.

## Engineering and Enforcement

A section staff of 7.0 FTE conducts the air pollution source compliance program in Montana. Included in this activity are permit reviews of approximately 90 new, altered or modified industrial air pollution sources each year and compliance inspections of about 110 sources annually. Staff in this section document situations of non-compliance in their travels and make recommendations for enforcement action to bureau and department management. The section also tracks and maintains the statewide inventory of industrial source emissions. Receipt and investigation of public complaints and the initiation of appropriate responses to documented problems is a continually expanding responsibility of this group. Finally, this section has the lead role in the cooperative industry/agency fall smoke management program and it oversees the open burning control rules. One member of the group is staffed in the Department's Billings regional office to handle eastern Montana sources and another serves as the air quality liaison

person between the bureau and the Reclamation Division, DNRE, for both coal and hard rock mining sources.

#### Operations

The operations section serves largely in key support areas for the entire bureau. The 9.03 FTE staff in this section conduct statewide ambient air quality monitoring and data collection/management for both state and industrial monitoring sites. Air pollution dispersion modeling is overseen by members of this section, primarily through review of air quality permit applicant modeling efforts and of modeling studies done by contractors in support of SIPs. Staff members work closely with the chemical laboratory in the analysis of field samples and they expend significant efforts repairing and maintaining monitoring equipment. Certain staff members are temporarily assigned to significant planning activities, such as the development of a SIP for the East Helena ambient lead problems. An additional 1.0 FTE position in the section provides ambient air sulfur dioxide (SO<sub>2</sub>) monitoring in the Billings area and it provides coordination with area industrial monitoring activities. Finally the 0.03 aggregate FTE category was established to fund private field monitoring station operators across the state because of an IRS ruling (these employees were formerly contractors).

As mentioned earlier, the Air Quality Bureau also helps to support four county air quality programs: Cascade, Lewis and Clark, Missoula and Yellowstone. These programs have varying areas of air pollution control program responsibility ranging from simply a wintertime wood stove curtailment activity in Lewis and Clark County to an extensive monitoring, compliance and planning program in Missoula County. As part of the development and implementation of SIPs, the bureau expects the role of local/county air programs in Montana's Air Program to expand.

#### Base Funding

The current budget for Montana's Air Program is derived largely from state and federal funds. As part of receiving a Federal Section 105 Air Grant from the EPA,

the state must provide a minimum of a 25% state funding match, and it must continue a maintenance of effort state funding level set in the preceding year; therefore, the state funding must be maintained at least at the current level into the next biennium or the federal grant will be jeopardized. The recently enacted federal Clean Air Act Amendments (CAAA) of 1990 require that the state match be increased to 40% within the next three years. To meet this need and the need for program expansion, the Air Quality Bureau is planning to develop a system for collection of air quality permit fees to help support the State Air Program. This is reflected in the increase of 6.50 FTE and approximately \$320,000 in state special revenue authority per fiscal year with funding generated by fees from regulated emission sources. The new CAAA require that states levy operating permit fees, with funds mandated to be earmarked for state air quality programs. If states fail to collect these fees, the EPA is authorized to levy fees for deposit to the federal treasury. Modifications to the Montana Clean Air Act, Section 75-2-211, MCA, are being proposed to the legislature to authorize collection of a periodic operating permit fee (i.e., annual) sufficient to cover the reasonable costs of reviewing and acting on permit applications and reasonable costs of implementing and enforcing the terms and conditions of permits after they are granted.

#### Increases/Decreases From Base

The Air Quality Bureau is proposing an increase from the base budget of approximately \$320,000 in each fiscal year to fund the addition of 6.50 FTE and associated expenses. The proposed funding increase would be generated by an increase in state special revenue authority to allow collection of fees from regulated sources. The fee system would be patterned after the outline presented in the Federal CAAA of 1990 and would be charged to air pollution sources as part of an operating air pollution permit process. Authorization of the fee collection system allows expansion of the air pollution program to meet federal mandates without placing any additional demands on the General Fund.



## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
<u>Administration Section</u>				
EPA Grant Applications	3	2	2	2
County Contracts	4	4	6	7
Legal Opinions/Reviews	5	7	10	10
Enforcement Complaints/ Settlements	15	18	20	20
No. of Pages Typed (Permits/Correspondence)	1500	1800	2500	2500
No. of Pages Typed (Reports)	2000	2500	3000	2500
Budgets/Amendments Prepared	3	5	5	5
<u>Air Toxics and Planning Section</u>				
Prepare/Submit PM-10 SIPs to EPA	3	2	3	1
Revise Carbon Monoxide SIPs	0	0	3	0
Prepare/Submit Lead SIP	0	0	1	0
Restructure/Correct Deficiencies in Montana SIP (#multi-year effort)	---	---	1*	
Redesignate Requests for Nonattainment Areas Demonstrating Compliance	0	0	1	2
<u>Engineering and Enforcement Section</u>				
New Source Permit Reviews	90	105	150	150
Stationary Source Inspection	95	110	110	120
Asbestos Removal Inspections	10	15	20	20
Investigation/Response to Citizen Complaints	185	175	200	200
Violation Documentation/ Referrals	35	40	50	50
Smoke Management Dispersion Forecasts	95	95	185	185



Operations Section

Operate Carbon Monoxide Monitoring Stations	4	6	6	6
Support PM-10 Monitoring Sites (5-county operated, remainder-state)	16	17	18	19
Operate Lead Compliance Monitoring Sites	5	5	5	5
Process/Report Air Quality Data (number of data points)	200,000	200,000	225,000	225,000
Annual Reports on Statewide Air Quality Monitoring	2	2	2	2
Conduct Quality Assurance Audits of Monitoring Sites	120	120	120	120
Continue SO <sub>2</sub> Monitoring in Billings/Laurel Area (number of monitors)	2	3	3	3

# ENVIRONMENTAL QUALITY PROTECTION FUND

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	0.00	0	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Total Agency Costs	\$0.00	\$0	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$0	\$1,000,000
State Special Revenue Fund	0.00	0	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Total Funding Costs	\$0.00	\$0	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$0	\$1,000,000

## Goals

The goal of the EQPF is to make necessary funds available for the investigation and cleanup of contaminated sites in Montana that have not been ranked or have not ranked high enough under the federal government's National Contingency Plan (NCP) rating system to qualify for federal funds for the site investigation and cleanup.

## Authorization

MCA, Section 75-10-701 et seq.

## Base Program

HB718 of the 1987 Legislature provided 4% RIT funds beginning in FY90 to implement the Environmental Quality Protection Act. This is a general environmental cleanup law that allows DNRE to investigate contaminated sites and to pursue cleanup by responsible parties, or if none can be found, to initiate cleanup. Contributions for environmental investigations and cleanup can be deposited in the Environmental Quality Protection Fund (EQPF) for use as permitted under the Act. Also, costs for cleanup recovered from responsible parties are deposited into the EQPF.

The EQPF may be used for investigations and cleanup of contaminated sites where the U.S. Environmental Protection Agency (EPA) has, under the provisions of the

federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended, conducted a hazard ranking study and judged the site not eligible for inclusion on the NCP list or where the EPA has no authority or no plan to assess the cite under CERCLA.

All penalties, damages, and department expenditures recovered pursuant to MCA, Section 75-10-715 must be deposited into the EQPF.

Under provisions of the EQPF, DNRE may take remedial action necessary and appropriate to protect the public health, public welfare, or the environment whenever it determines that there has been a release or that there is a substantial threat of a release and that the appropriate remedial action will not be done properly and expeditiously by the responsible party.

The Environmental Sciences Division Administrator controls the spending authority for the EQPF. Discrete withdrawals are made from the EQPF when necessary and deposited in specific responsibility centers related to program activities authorized by the Environmental Quality Protection Act.

## Base Funding

The EQPF is funded by 4% of the RIT funds. In addition, all penalties, damages, and department expenditures

recovered from responsible parties are deposited in the EQPF. Whenever the amount of money in the fund is insufficient to carry out remedial action, DNRE may apply to the governor for a grant from the Environmental Contingency Account established pursuant to MCA, Section 75-1-1101.

### Performance Indicators

The administrator of the environmental sciences division controls only the spending authority for the EQPF. Program activities using monies from the EQPF are conducted within the bureaus in the 03, 04, and 05 Programs. Performance indicators are included in the appropriate program narratives.

# SOLID AND HAZARDOUS WASTE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	53.00	18.25	71.25	53.00	18.25	71.25
Personal Services	0.00	0	1,558,685	526,965	2,085,650	1,557,110	525,787	2,082,897
Operating Expenses	0.00	0	7,597,490	-533,850	7,063,640	7,601,133	-512,819	7,088,304
Equipment	0.00	0	75,585	14,437	90,022	75,585	10,901	86,486
Grants	0.00	0	1,093,542	0	1,093,542	1,093,542	0	1,093,542
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$10,325,302</b>	<b>\$7,552</b>	<b>\$10,332,854</b>	<b>\$10,327,370</b>	<b>\$23,859</b>	<b>\$10,351,229</b>
General Fund	0.00	0	193,873	-12,776	181,097	194,033	-93,458	100,575
State Special Revenue Fund	0.00	0	2,604,186	76,333	2,680,519	2,604,942	174,886	2,779,828
Federal Special Revenue Fund	0.00	0	7,527,243	-56,005	7,471,238	7,528,395	-57,569	7,470,826
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$10,325,302</b>	<b>\$7,552</b>	<b>\$10,332,854</b>	<b>\$10,327,370</b>	<b>\$23,859</b>	<b>\$10,351,229</b>

## Overview

The Solid and Hazardous Waste Bureau administers six environmental health laws designed to protect public health and the environment. This involves coordination with local governments, state and federal agencies and the general public in order to protect the soil, water and air from contamination.

The Solid Waste Management Act provides for licensing, technical assistance, inspection, and enforcement for approximately 200 municipal, county, and private solid waste management systems located throughout the state. The program also provides technical assistance on related activities such as recycling and special waste management, including infectious waste, asbestos waste etc.

The Motor Vehicle Recycling and Disposal Act is a regulatory program that controls the disposal of junk vehicles and shielding of such disposal sites. The act requires the department to license anyone with four or more junk vehicles and requires all junk vehicles to be screened from public view. The act also allows the department to make annual grants to each county to

finance the establishment and maintenance of junk vehicle graveyards and to finance the collection of junk vehicles for placement in the graveyards. The department is responsible for removal of the junk vehicles and does so by selling the vehicles to recycling firms who crush and transport the cars to steel mills for recycling.

The Montana Hazardous Waste Act is a regulatory program that controls generation, transport, treatment, storage and disposal of hazardous wastes. Persons treating, storing or disposing of hazardous waste must obtain a permit from the department. The department performs inspections, provides technical assistance, and if necessary, takes enforcement actions.

The Underground Storage Tank Act is modeled after the federal law. Its purpose is to prevent leaks in underground storage tanks through identifying who has underground tanks and eventually requiring tank testing, inventory record keeping, ground-water monitoring, financial assurance for clean-up costs and implementing tank design and installation standards. The Leaking Underground Tank Trust Fund are federal funds used by states, under federal guidelines, to investigate and remediate tank leaks when the responsible party cannot be

identified or when the responsible party will not act or respond quickly in an emergency situation, or when the responsible party is insolvent. It is a public response fund to protect the public and minimize damage to the environment. The trust fund is EPA funded through a federal gas tax.

The Superfund Act allows the department to investigate potentially hazardous disposal sites to determine if past disposal practices are resulting in threats to public health or the environment. If a site scores high enough for the National Priority List, investigation and cleanup of the site may be financed from the "Superfund." The bureau also performs studies to determine the most cost-effective method of restoring a contaminated site. The bureau may contract for any necessary design and construction activities after selection of a clean-up method is made.

The Comprehensive Environmental Cleanup and Responsibility Act, state superfund act, allows the Montana Department Natural Resources and Environment to investigate and cleanup, or require responsible parties to investigate and cleanup all hazardous waste sites in Montana not on the Federal Superfund National Priority List.

## Authorization

2-15-2103, MCA  
Division of Environmental Sciences -- Functions

50-1-202, MCA et. seq.  
General Powers and Duties

# JUNK VEHICLE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	4.60	-1.17	4.43	4.60	-1.17	4.43
Personal Services	0.00	0	145,791	-3,334	142,457	145,823	-3,326	142,497
Operating Expenses	0.00	0	67,685	-17,658	50,027	68,000	-17,674	50,326
Grants	0.00	0	824,538	0	824,538	824,538	0	824,538
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,038,014</b>	<b>\$-20,992</b>	<b>\$1,017,022</b>	<b>\$1,038,361</b>	<b>\$-21,000</b>	<b>\$1,017,361</b>
State Special Revenue Fund	0.00	0	1,038,014	-20,992	1,017,022	1,038,361	-21,000	1,017,361
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,038,014</b>	<b>\$-20,992</b>	<b>\$1,017,022</b>	<b>\$1,038,361</b>	<b>\$-21,000</b>	<b>\$1,017,361</b>

## Goals

Remove unsightly, unwanted junk vehicles from the Montana landscape for disposal through recycling.

Insure that junk vehicles in motor vehicle wrecking facilities, county motor vehicle graveyards, and those located in other areas are properly shielded from public view.

Enforce the provisions of the Motor Vehicle Recycling and Disposal Act and the associated rules as they apply to motor vehicle wrecking facilities and county motor vehicle graveyards.

Provide a continual source of funding through special earmarked revenue for counties in the form of annual grants for the operation of their junk vehicle programs.

## Authorization

75-10-501, MCA and 16-14-2, ARM  
Motor Vehicle Recycling and Disposal Act and the associated rules provide for the shielding of all junk vehicles, licensing of motor vehicle wrecking facilities and county junk vehicle graveyards, and the minimum requirements of operation for both private and county yards.

## Base Program

In 1973 the Montana Legislature passed the Montana Motor Vehicle Recycling and Disposal Act (MCA Title 75, Chapter 10, Sub-chapter 501), commonly referred to as the state junk vehicle law. The passage of this law was in response to the ever growing problem of junk vehicles going to area landfills for disposal and the visual blight of unwanted junk vehicles on the landscape of the state. This law and the regulations adopted pursuant to it serve to improve the aesthetics of Montana and promote recycling by requiring all junk vehicles to be shielded from public view and all motor vehicle wrecking facilities to be licensed. The law also provides for the establishment and funding of county junk vehicle programs. Through these 56 county programs a private citizen may have unwanted junk vehicles removed at no charge. The vehicles collected by these programs are stored in a county motor vehicle graveyard to await eventual crushing and recycling.

The Motor Vehicle Recycling and Disposal Program administers and enforces the provisions of the Act. The Act requires the Department of Natural Resources and Environment to license and regulate private motor vehicle wrecking facilities and county motor vehicle graveyards along with the administration of a program for the control, collection, recycling, and disposal of junk vehicles and component parts.

The program is the only statewide resource recovery project in Montana. Nearly 7,500 junk vehicle are removed from the Montana landscape each year to be crushed and transported to foundries for recycling into new steel products. Over 123,000 tons of metal have been recycled since the beginning of the program in 1974.

Under current level funding 4,43 employees are assigned to the state program to provide for the licensing of 240 private wrecking facilities and 56 county motor vehicle graveyards; answer complaint calls; provide technical assistance to counties, cities, and private citizens on junk vehicle matters; review and issue annual grants to the counties; audit county program expenditures and administration; issue calls for bids on graveyard crushing contracts; inspect county and private wrecking facilities; and enforce the provisions of the Montana Motor Vehicle Recycling and Disposal Act and associated rules.

Each year the Motor Vehicle Recycling and Disposal Program provides grants to the counties for the operation of their junk vehicle programs. These grants total \$1.00 for every registered vehicle in the county but not less than \$5,000.00. With their grants the counties collect unwanted junk vehicles, maintain a county junk vehicle graveyard, enforce the regulations as they apply to less than four junk vehicles in one location, and assist the state with the monitoring of motor vehicle wrecking facilities.

The Montana Motor Vehicle Recycling and Disposal Program is considered to be the finest statewide junk vehicle program in the United States. Requests are continually received from other states for information about the program. Recently the program was selected by the Council of State Governments to be highlighted in their 1990 innovations publication series as an innovative program successfully implemented by a state. The program is to be honored during an awards ceremony at the Council's annual meeting.

One unforeseen impact from the program has been felt by the private motor vehicle wrecking facilities in the

state. Prior to the beginning of the program the unwanted junk vehicles at landfills and dotting the countryside were fair game for part hunters. Since the program has been removing these vehicles the part hunters have been forced to obtain their needed parts through a licensed private motor vehicle wrecking facility, thereby increasing business for the facility owners. Several facilities have stated that without the program they would probably be out of business by now.

### Base Funding

Funding for the program is from an earmarked revenue account accumulated from a \$.50 vehicle re-registration fee, a \$1.50 fee for title transfers, \$50.00 annual license fees from private motor vehicle wrecking facilities, and revenue from the crushing of the collected vehicles. Since the beginning of the program the various fees have been reduced on three occasions so that the program's expenses would exceed the program's income. This was done to help reduce the size of the accumulated funds while still allowing the program to meet its funding needs. Currently, the program's accumulated funds have been reduced to the point that it will require an increase in the fees sometime in the near future. This increase will allow the state program to continue to provide the counties with sufficient funding to continue their current programs.



## Performance Indicators

Review County Grants	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Inspections of County Motor Vehicle Graveyards <sup>1</sup>	56	56	56	56
Inspections of Motor Vehicle Wrecking Facilities <sup>1</sup>	30	35	35	35
Prepare Environmental Assessments for Licensing	45	60	60	60
Fiscal Audits of Counties Crushing Contracts <sup>2</sup>	15	12	12	12
	32	25	25	25
	16	20	15	15
Tonnage Crushed <sup>2</sup>	4500	--	5000	5000

### Footnotes:

1. Inspections of motor vehicle wrecking facilities and county motor vehicle graveyards decreased to compensate for the increased workloads on new facility environmental reviews and as a result of program personnel changes and vacancies experienced during FY1990.
2. The number of crushing contracts and the tonnage crushed vary greatly from year to year and are dependent on market values at the time of crushing. During high market periods more contracts and crushing will occur to optimize program revenues.

# FEDERAL SUPERFUND

Full Time Equivalent Employees	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Recommended	Base	Incr/Decr	Recommended
Personal Services	0.00	0	410,302	118,905	529,207	410,265	118,643	528,908
Operating Expenses	0.00	0	5,817,368	-227,876	5,589,492	5,817,366	-228,899	5,588,467
Equipment	0.00	0	44,190	0	44,190	44,190	0	44,190
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$6,271,860</b>	<b>\$-108,971</b>	<b>\$6,162,889</b>	<b>\$6,271,821</b>	<b>\$-110,256</b>	<b>\$6,161,565</b>
State Special Revenue Fund	0.00	0	12,640	9,398	22,038	12,640	9,235	21,875
Federal Special Revenue Fund	0.00	0	6,259,220	-118,369	6,140,851	6,259,181	-119,491	6,139,690
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$6,271,860</b>	<b>\$-108,971</b>	<b>\$6,162,889</b>	<b>\$6,271,821</b>	<b>\$-110,256</b>	<b>\$6,161,565</b>

## Goals

The goal of the Superfund program is to clean up uncontrolled hazardous waste sites in a manner that provides the highest degree of protection of public health and the environment as technically possible.

## Authorization

42 U.S.C. 9601 et. seq.,  
The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) authorizes the federal government, and at selected times, the state government to undertake the remediation of sites contaminated because of the release of a hazardous substance.

75-10-701 et. seq., MCA,  
The Comprehensive Environmental Cleanup and Responsibility Act (CECRA) authorizes the state to respond to any release of a hazardous or deleterious substance within the state.

## Base Program

The Superfund Program administered by the Department of Natural Resources and Environment (DNRE) carries out Montana's responsibilities under both state and federal laws requiring the identification, investigation, and

cleanup of uncontrolled hazardous waste sites. Currently the program involves activities at 10 sites that are on the National Priority List (NPL), four sites proposed for the NPL and a site discovery and investigation program. Federal funds administered by the Environmental Protection Agency (EPA) are available to support virtually all state work on NPL sites and for site investigations. Under both state and federal law, all public funds spent in the cleanup effort are to be reimbursed by the parties responsible for the contamination at a hazardous waste site.

The Superfund program recognizes two kinds of response actions--removals and remedial actions. Removals are short-term responses that stabilize or clean up a site that poses an immediate threat to human health and the environment. Remedial actions are long-term responses, such as groundwater restoration and soil treatment.

The Superfund program consists of two phases--a preliminary or pre-remedial phase during which sites are identified, evaluated, and listed on the NPL if appropriate, and a remedial phase during which the actual cleanup is planned and implemented.

For the activities that are not directly related to specific sites, the EPA provides CORE funds. These funds pay for training, recruitment, general overall

management, etc. The CORE program fills the need for necessary, non-site-specific activities. The CORE grant requires 10 percent state matching funds.

#### Remedial Activities

The first step in remedial work involves conducting a Remedial Investigation/Feasibility Study (RI/FS). The Remedial Investigation (RI) includes a carefully designed field study involving extensive sampling and analyses of various media and wastes at the site. Analysis of potential impact on human health and the environment is an important part of the RI and is accomplished through a risk assessment. The risk assessment process involves a determination of health and environmental threats (both present and future) and the establishment of cleanup goals that appropriately control or eliminate these risks.

At the completion of the RI, the extent, concentration, and type of wastes, as well as the risks associated with the major contaminants, will be well defined. The Feasibility Study (FS) is conducted concurrently with the RI. Using the data generated in the RI, the FS examines various treatment options and technologies. Criteria such as overall protection of human health and the environment, long-term effectiveness, implementability, and cost are used to evaluate the treatment options. Completion of the RI/FS takes approximately 18 months.

Based on this evaluation and the comments received during the public comment period, a final treatment alternative is selected. The reasons for selecting this alternative over other treatment options are presented in a document called the Record of Decision (ROD).

Following the ROD, the selected remedy must be designed and implemented. This design phase is called Remedial Design and takes approximately six months to complete, depending on the complexity. The implementation phase is called Remedial Action and is in effect until all cleanup goals have been achieved at the site.

To coordinate the cleanup activities at a site, a lead government agency is designated. This agency is either

the EPA or DNRE. If EPA is the lead agency, the site is called a federal-lead site and the DNRE is the support agency. If the DNRE is the lead agency, the site is called a state-lead site and EPA is the support agency.

During the cleanup process, the lead agency attempts to determine who is responsible for the problem at the site if the responsible parties are not already known. When a potentially responsible party (PRP) is identified, that party is given the opportunity to perform and pay for the studies and cleanup activities outlined above. If a PRP cannot be found, is bankrupt, or refuses to participate, the studies and cleanup work at NPL sites are financed through the federal trust fund known as "Superfund." Costs incurred for cleaning up fund-financed sites may later be recovered from PRPs through legal action.

#### Base Funding

The Superfund program budget consists of several integral parts. The first is the basic investigative cleanup portion which is funded 100% by federal (U.S. EPA) dollars. The second portion consists of the CORE which are program management type activities that are general in nature and not specifically tied to individual site activities. The CORE is funded 90% by federal dollars and the required 10% state match comes from the RI account.

Funding levels for the federal Superfund program are highly variable depending on factors such as the availability of federal funding, willingness of responsible parties to undertake remedial actions and the occurrence and identification of emergency conditions requiring expedited action. Sufficient federal revenue authority was appropriated by the 51st Legislature to enable the department to respond to any unanticipated circumstances which might arise requiring expenditures of federal Superfund grants.

#### Increases/Decreases From Base

In the 1991 biennium, the department received authorization to fund an additional 4.0 FTE by transferring authority from operating expenses to

personal services. For the 1993 biennium, the department has requested, and the executive budget reflects, a increase of 4.0 FTE to continue the positions added in the 1991 biennium. The increase to personal services in

the Superfund budget is funded within the current level by transferring approximately \$115,000 from operating expenses.

## Performance Indicators

### Pre-Remedial Program

Site Discovery  
Preliminary Assessments  
Site Investigations  
Oversight (sites)  
Contracts/Task Orders

### Remedial Program

Community Relations Activities  
Removal Actions  
Contracts/Task Orders-Fiscal Services  
Remedial Investigation  
Feasibility Study  
Endangerment Assessment  
Record of Decision  
Cost Recovery  
Consent Decree/Administrative Order/  
Unilateral Order  
Remedial Design/Remedial Action  
Operation & Maintenance

### Superfund CORE Program

Cooperative Agreements  
Training  
Management/Oversight  
Contracts/Task Orders-Fiscal Services

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
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Site Discovery	7	10	7	5
Preliminary Assessments	12	10	7	5
Site Investigations	4	3	2	2
Oversight (sites)	4	3	2	2
Contracts/Task Orders	4	3	2	2

Community Relations Activities	21	17	24	17
Removal Actions	7	8	2	1
Contracts/Task Orders-Fiscal Services	13	40	34	32
Remedial Investigation	10	15	12	8
Feasibility Study	5	9	12	12
Endangerment Assessment	5	10	10	9
Record of Decision	4	1	4	5
Cost Recovery	2	4	2	3
Consent Decree/Administrative Order/ Unilateral Order	9	8	5	3
Remedial Design/Remedial Action	3	7	9	13
Operation & Maintenance	1	2	5	9

Cooperative Agreements	6	6	7	8
Training	13	13	13	13
Management/Oversight	13	13	14	15
Contracts/Task Orders-Fiscal Services	9	10	10	10

# STATE SUPERFUND (CECRA)

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	1.50	2.75	4.25	1.50	2.75	4.25
Personal Services	0.00	0	41,165	80,964	122,129	41,068	80,780	121,848
Operating Expenses	0.00	0	220,376	-19,030	201,346	220,727	462	221,189
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$261,541</b>	<b>\$61,934</b>	<b>\$323,475</b>	<b>\$261,795</b>	<b>\$81,242</b>	<b>\$343,037</b>
State Special Revenue Fund	0.00	0	261,541	61,934	323,475	261,795	81,242	343,037
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$261,541</b>	<b>\$61,934</b>	<b>\$323,475</b>	<b>\$261,795</b>	<b>\$81,242</b>	<b>\$343,037</b>

## Goals

To investigate and clean up hazardous waste sites in a manner protective of human health, safety, welfare and the environment and in compliance with state and federal laws.

To require responsible parties to investigate and clean up hazardous waste sites in a manner protective of human health, safety, welfare and the environment and in compliance with state and federal laws.

## Authorization

75-10-701 et. seq., MCA:

The Montana Comprehensive Environmental Cleanup and Responsibility Act (CECRA) provides a legal mechanism for DNRE to investigate and clean up, or require responsible parties to investigate and clean up, all sites where the release of a hazardous substance has occurred or has the potential to occur.

## Base Program

The CECRA Program within the Solid and Hazardous Waste Bureau handles the investigation and cleanup of all hazardous waste sites in Montana not on the federal Superfund National Priority List (NPL) (with the exception of 10 Resource Conservation and Recovery Act (RCRA) Transfer, Storage and Disposal (TSD) facilities

being handled by the RCRA program, and the Burlington Northern Livingston site being handled as a Superfund special project). Currently, there are over 200 hazardous waste sites in Montana not on the NPL.

State funds from the Resource Indemnity Trust Fund (4% of the interest) are earmarked to support work at non-NPL sites. Under state law, all state funds spent in the cleanup effort are to be reimbursed by the parties responsible for contamination at the sites if those parties are viable.

To accomplish the goals identified above, the CECRA program personnel are involved in these major activities:

1. researching site history and natural feature characteristics;
2. conducting site investigations to determine whether a release of a hazardous substance has occurred;
3. conducting remedial investigations to determine the nature and extent of contamination;
4. conducting feasibility studies to determine remedial action alternatives;
5. preparing remedial designs for selected remedial actions and conducting the remedial actions;

6. overseeing responsible parties conducting activities #1-5 above;

7. managing the professional procurement process to retain consultants to perform activities #1-5 above;

8. pursuing responsible party investigation and cleanup through research, negotiation and legal action, if necessary;

9. recovering all State costs from responsible parties;

10. administering grants to investigate and cleanup sites lacking a viable responsible party; and

11. handling property assessment requests from consultants, realtors, appraisers, lawyers, and potential purchasers which entails maintaining a detail site database.

Since there are over 200 sites, the sites are ranked for regulatory action based on the potential risks to human health and environment posed by contamination at the sites. Once sampling is conducted to determine the nature and severity of contamination problems, then the sites are qualitatively ranked high, medium, or low priority. The program is now concentrating its efforts on all high priority sites.

## Base Funding

Pursuant to sections 75-10-704 (4) and 15-38-20 MCA, the CECRA Program is funded annually with 4% of the interest from the Resource Indemnity Trust Fund.

## Performance Indicators

Key: PAR - property assessment requests; SI - site investigations; RI - remedial investigations; FS - feasibility studies; RA - remedial actions; AOC - administrative orders on consent; UAO - unilateral

administrative orders; CT/TO - contracts and task orders;  
GR - grants

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
PAR	100	150	200	200
SI	4	7	10	10
RI	11	5	7	7
FS	2	10	10	10
RA	4	3	5	5
AOC or UAO	5	5	7	7
GR	2	2	2	2
CT/TO	10	5	13	15

## Increases/Decreases From Base

In FY 90, the CECRA program employed 1 FTE program manager, 1/4 FTE lawyer, and 1/4 FTE secretary. To accomplish these major activities at this level of staffing, the workload far exceeded the staff resources. Therefore, in March 1990, an operational plan change was approved to add an additional 1 FTE hydrogeologist, 1 FTE environmental specialist, and 3/4 FTE lawyer, bringing the total program personnel to: 3 technical, 1 legal, and 1/4 secretarial. Funding for the additional staff is accomplished by transferring operating expenses to personnel.

The proposed FY 92 and 93 budgets are approximately \$66,000 and \$86,000 above the FY 92 base. This increase is funded by increased RIT interest revenue projected for the FY 92-93 biennium over the FY 90-91 biennium and by restoration of 4% funds that were used to fund other DNRE programs in the FY 90-91 biennium. The increase in base is primarily budgeted for contracted services.



## BN/ARCO SPECIAL PROJECTS

### Goals

The goal of the Superfund program is to clean up uncontrolled hazardous waste sites in a manner that provides the highest degree of protection of public health and the environment as technically possible.

### Authorization

42 U.S.C. 9601 et. seq.,  
The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) authorizes the federal government, and at selected times, the state government to undertake the remediation of sites contaminated because of the release of a hazardous substance.

75-10-701 et. seq., MCA.

The Comprehensive Environmental Cleanup and Responsibility Act (CECRA) authorizes the State to respond to any release of a hazardous or deleterious substance within the state.

### Base Program

Two special projects are currently being managed under the Superfund Program. One is the Burlington Northern Railroad Livingston Rail Yard investigation and cleanup. The 1989 Legislature authorized funding for civil action related to environmental damage associated with the Burlington Northern Livingston Rail Yard cleanup (\$200,000). A consent agreement between the state and Burlington Northern has been signed and the state is providing oversight of the remedial investigation, remedial design and remedial action at the site.

The site is being studied and will eventually be cleaned up under terms of the consent agreement between the DNRE and Burlington Northern. State and federal Superfund laws and rules are being used to guide and enforce the cleanup. The site is expected to be placed on the NPL in early 1991. A total of 3.5 FTEs are allocated to this project and other BN sites in Montana that are under investigation.

The second special project is the ARCO project which includes DNRE personnel and operating expenses associated with expedited activities on the ARCO Clark Fork River Basin NPL sites. ARCO finances these activities so the state will have the resources necessary to keep pace with the accelerated cleanup-related activities. A total of 1.5 FTEs are allocated to this effort.

### Base Funding

The 51st Legislature appropriated \$200,000 in RIT funds from the hazardous waste/CERCLA account to pursue a civil action filed in federal district court by the State against Burlington Northern (BN) in order to seek remediation for alleged violations of state and federal laws governing the management of hazardous wastes. The legislature directed that any compensatory recoveries or penalties be deposited to the hazardous waste CERCLA account. The department has subsequently settled its claim with Burlington Northern. In the 1991 biennium, 1.50 FTE were established by transferring authority from operating expenses to personal services in order to oversee the cleanup at the BN Livingston Shop Complex. The department estimates that investigations and cleanup oversight will continue throughout the 1993 biennium. The budget reflects an increase of 1.5 FTE funded within the current level budget with revenues received under the settlement.

### Increases/Decreases From Base

Refer to base program narrative.



# UNDERGROUND STORAGE TANKS

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
	.00	.00	17.00	.00	17.00	17.00	.00	17.00
Personal Services	0.00	0	492,924	2,152	495,076	492,335	2,162	494,497
Operating Expenses	0.00	0	778,158	-64,504	713,654	780,024	-64,492	715,532
Equipment	0.00	0	26,795	0	26,795	26,795	0	26,795
Grants	0.00	0	269,004	0	269,004	269,004	0	269,004
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,566,881</b>	<b>\$-62,352</b>	<b>\$1,504,529</b>	<b>\$1,568,158</b>	<b>\$-62,330</b>	<b>\$1,505,828</b>
State Special Revenue Fund	0.00	0	693,921	-28,243	665,678	694,293	-28,640	665,653
Federal Special Revenue Fund	0.00	0	872,960	-34,109	838,851	873,865	-33,690	840,175
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$1,566,881</b>	<b>\$-62,352</b>	<b>\$1,504,529</b>	<b>\$1,568,158</b>	<b>\$-62,330</b>	<b>\$1,505,828</b>

## Goals

Protect human health and environment from releases of fuels and chemicals from underground storage tanks (USTs).

Endeavor to prevent USTs from leaking through tank owner/operator and installer training and regulatory oversight.

Assure the cleanup of fuels and chemicals which leak from USTs where a responsible party cannot be identified or is insolvent, an emergency situation exists, or a responsible party refuses or fails to respond.

## Authorization

Subtitle I, RCRA, 42 USC, Sec. 6991, et seq.  
The Resource Conservation and Recovery Act outline the regulations of underground storage tanks, including design and release response. A 1986 amendment provides Federal funds to States to clean up releases.

75-10-401, MCA et seq.  
The Montana Hazardous and Underground Storage Tank Act establishes the framework for reporting, monitoring, and responding to leaking USTs.

75-11-201, MCA et seq.

The Montana Underground Storage Tank Installer Licensing and Permitting Act.

## Base Program

The UST Program regulates tanks to prevent leaks from occurring through adoption of design standards, installation plan review and permitting, installer licensing, and owner/operator training. All underground tank facilities will be required to meet specific design and installation standards to prevent and quickly detect leaks. All existing UST systems will be phased into the regulatory leak detection monitoring requirements of the program by 1994 and must be upgraded to meet substantial performance and operational standards for leak prevention and corrosion control by 1999. Local implementing agencies will assist the program in inspections of tank installations, operational monitoring, and final closure. If a leak occurs, the program will assist the tank owner in assessing the potential threat to human health and the environment, and to initiate corrective action to cleanup the release. The program works closely with the Petroleum Tank Release Compensation Board in providing financial assistance to owners and operators for leaking UST cleanup costs. If a leak is discovered, but a

responsible tank owner cannot be identified, the program may commit federal LUST trust funds to assessing the potential threat and initiating a timely cleanup.

Underground Storage Tanks (UST). The UST Program maintains a registry data base of Montana UST systems. These data presently contain over 20,000 reported underground storage tanks at over 10,000 locations throughout the state. Through educational and regulatory activities the program guides tank owners, operators, and installers in the proper installation, operation, maintenance, and final closure of these UST systems. The program also provides a mechanism for grants to local governmental agencies for training, equipment, and the implementation of the program on a local level.

Leaking Underground Storage Tanks (LUST). Montana currently has approximately 20,000 registered USTs; the federal government has estimated that 25 percent or more of all tanks may be leaking. Incidents of contaminated soil and groundwater are reported to the program almost on a daily basis. Impacts from releases include contamination of drinking water, accumulation of harmful hydrocarbon vapors, and problems associated with sensitive environmental areas. The LUST staff investigates and responds to prioritized leaking UST sites where a responsible party cannot be identified or is insolvent, an emergency situation exists, or a responsible party refuses or fails to respond. Under state and federal law, the responsible party is liable for all LUST response costs incurred by the department.

Tank Installers. National studies have shown improper installation of underground storage tank systems is one of the major causes of tank failure and leakage. The tank installer licensing and UST permitting program will aid in eliminating improper installations. The program reviews permit applications and issues permits for tank installations, repairs, and closures. In addition, all UST owners and operators must have work on their UST system performed by either a licensed UST contractor or they may do their own work, if it is inspected by a licensed inspector. The program provides examination study materials and offers UST installer, remover, and

inspector examinations several times a year at various locations in the state.

## **Base Funding**

The UST Program receives funding from State Special Funds and Federal Funds.

### Underground Storage Tanks

The UST Program is funded through a combination of earmarked annual UST registration fees and a 75% federal and 25% state RIT fund matching grant. Annual tank registration fees of \$20 for tanks 1100 gallons or less and \$50 for tanks over 1100 gallons are assessed to all tank owners. The federal and state UST regulatory program supports 11.25 FTE.

### Leaking Underground Storage Tanks (LUST)

The LUST program is funded by an EPA grant consisting of 90% federal and 10% state matching funds. Federal monies are from the LUST Trust Fund through a federal gasoline tax administered by the U.S. Environmental Protection Agency. The state RIT account has been legislatively established as the source of state matching funds. Any monies recovered from responsible parties can be used for the state matching fund or to fund other trust-eligible activities; however, DNRE cannot predict the amount of money that will be cost recovered. A majority of the LUST funds is budgeted for remedial action contracted services. The federal LUST Trust Program is administered by 5.5 FTEs.

### Tank Installers

The tank installers program supports .25 FTE and is funded by tank permit and inspection fees resulting from tank installations, repairs, and closures. A portion of the fees collected are used to reimburse locally designated licensed inspectors for inspections of permitted systems.

# Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<u>Underground Storage Tanks</u>				
Registration of USTs	18,000	18,000	16,000	16,000
UST Closure Review	1,000	1,000	750	750
Designation of Local Implementing Agencies	10	40	50	50
Review of Reimbursement Claims from Local Implementing Agencies	1,000	1,000	1,000	1,000
Department UST Inspections	10	300	300	300
<u>LUST</u>				
Emergency Response	5	5	5	5
Remedial Investigation	200	200	150	150
Cleanup	75	75	75	75
Enforcement	10	20	25	20
<u>Tank Installers</u>				
Permits Reviewed	1,000	1,000	1,000	1,000
License Exam Sessions	4	4	4	4
Installer/Inspector licenses issued	200	150	150	150

# HAZARDOUS WASTE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	10.82	3.84	14.66	10.82	3.84	14.66
Personal Services	0.00	0	329,477	108,575	438,052	328,754	108,326	437,080
Operating Expenses	0.00	0	189,161	14,112	203,273	190,032	16,533	206,565
Equipment	0.00	0	4,600	9,457	14,057	4,600	6,369	10,969
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$523,238</b>	<b>\$132,144</b>	<b>\$655,382</b>	<b>\$523,386</b>	<b>\$131,228</b>	<b>\$654,614</b>
State Special Revenue Fund	0.00	0	128,175	35,671	163,846	128,037	35,616	163,653
Federal Special Revenue Fund	0.00	0	395,063	96,473	491,536	395,349	95,612	490,961
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$523,238</b>	<b>\$132,144</b>	<b>\$655,382</b>	<b>\$523,386</b>	<b>\$131,228</b>	<b>\$654,614</b>

## Goals

The goal of the Hazardous Waste Program is to protect public health and safety and the environment in Montana from the effects of improper, inadequate, or unsound management of hazardous waste through the implementation and maintenance of a regulatory program that is equivalent to the federal hazardous waste management program.

## Authorization

75-10-401, et. seq., MCA  
The authority for the Hazardous Waste Program is The Montana Hazardous Waste and Underground Storage Tank Act.

## Base Program

The Hazardous Waste Program is a counterpart to the federal hazardous waste management program developed under the authority of the Resource Conservation and Recovery Act (RCRA) of 1976 and subsequent amendments. The state program is authorized by the EPA to implement the equivalent of the federal program in Montana in lieu of EPA. The program has been in effect since 1980. Hazardous waste handlers who are regulated under this program include generators, transporters, recyclers, and facilities who treat, store or dispose of hazardous waste

on-site. The program initiates control over hazardous waste from the point of generation through all intermediate handlings to the point of final disposition. The program is oriented to be preventive in nature rather than remedial. Successful implementation of the program will serve to prevent the creation of future Superfund sites in the state.

The Hazardous Waste Program consists of two Units: the Regulatory Unit and the Permitting Unit. The following summarizes the objectives and activities performed within both units.

Generators of hazardous waste who do not store waste for long periods of time as well as transporters and recyclers are not required to be issued facility management permits but are rather subject to applicable regulations administered by the Regulatory Unit. Regulatory compliance is determined through on-site inspections where shipping documents and related operation records are examined as well as areas where hazardous waste is produced and accumulated. Businesses that generate significant quantities of hazardous waste are required to register with this office, submit notification of hazardous waste activity and be assigned identification numbers, and submit annual reports of their waste management activities. Currently 268 generators and recyclers and 43 transporters of hazardous

waste are registered with this office. Many smaller businesses that generate hazardous waste are not required to register with this office but nevertheless are required to properly manage and dispose of their hazardous waste. The program expends considerable effort in providing technical assistance to regulated businesses regarding proper waste management and disposal procedures as well as waste minimization techniques. Certain purchasers of halogenated solvents, which are toxic and offer the potential to adversely affect environmental resources if mismanaged, are required to register with this office every three years.

The Permitting Unit permits facilities that treat, store or dispose of hazardous waste as well as conducts comprehensive compliance monitoring of facilities that are operating under permits or who have closed operations under closure/post-closure permits. Permit applications are reviewed extensively to insure that regulatory operating and siting criteria are complied with so that facilities offer the least possible risk for adversely affecting public health and the environment. The program also involves the public through all steps of the permitting process so that concerns of the public can be considered. Permits remain effective through a facility's operating life and for a thirty-year post-closure period after the site is closed. The implementation of corrective action at facilities to remediate releases of hazardous constituents from historical disposal areas will be resource intensive. There is a concerted effort within the EPA to avoid the listing of sites on the CERCLA National Priority List which can be adequately addressed with new corrective action authorities in the RCRA program and its state counterparts. There are currently 11 permitted facilities within the state.

## Base Funding

Program authorization and EPA grant funding is based on a minimum 75%/25% match of federal and state funds.

## Increases/Decreases From Base

RCRA was significantly amended in 1984, adding several new components to be phased into the federal hazardous waste program. The department is now drafting new administrative rules and related application documents in order to seek federal authorization for enforcement of these new program components as a revision to the Montana Hazardous Waste Program. The major program components include: broader corrective action authorities; restrictions on land disposal; initiatives in waste reduction and recycling; and the elimination of certain exclusions, resulting in the addition of new regulated hazardous wastes, such as mining wastes.

The budget reflects an increase of 3.84 FTE (4.00 FTE increase in Hazardous Waste Bureau Staffing and 0.16 decrease in assigned legal support), approximately \$36,000 per year in state special revenue authority, and \$96,000 per year in federal revenue authority per fiscal year. The budget proposes to match the available federal RCRA funds with RIF revenues deposited to the department's hazardous waste/CERCLA account. Revenues from this account are available for appropriation for implementation of the Montana Hazardous Waste Act and as the state match to obtain federal funds.

# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Inspections	164	164	164	164
Registrations Processed	209	209	209	209
Annual Reports Processed	182	182	182	182
Solvent Registrations 194	194	20	20	
Technical Assistance	3750	3750	3750	3750
Issue Post Closure Permits	-	3	1	3
Issue/Modify Operating Permits	2	2	-	-
Permit Monitoring	5	8	9	12
Corrective Action	0	0	4	8

# SOLID WASTE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	5.08	2.83	7.91	5.08	2.83	7.91
Personal Services	0.00	0	139,026	74,883	213,909	138,865	74,710	213,575
Operating Expenses	0.00	0	125,462	31,397	156,859	125,704	31,716	157,420
Equipment	0.00	0	0	4,980	4,980	0	4,532	4,532
Total Agency Costs	\$0.00	\$0	\$264,488	\$111,260	\$375,748	\$264,569	\$110,958	\$375,527
General Fund	0.00	0	193,873	-12,776	181,097	194,033	-93,458	100,575
State Special Revenue Fund	0.00	0	70,615	124,036	194,651	70,536	204,416	274,952
Total Funding Costs	\$0.00	\$0	\$264,488	\$111,260	\$375,748	\$264,569	\$110,958	\$375,527

## Goals

- To insure that disposal of solid waste does not contaminate air, water, or soil.
- To insure that public health and safety is not threatened by waste management practices.
- To insure that existing solid waste management facilities are maintained in accordance with state laws and rules.
- To insure that new solid waste management facilities are planned, built and operated in a manner consistent with state laws and rules.
- To insure that solid waste management in Montana is planned to preserve Montana's resources and to provide adequate and economical solid waste management alternatives for the future.
- To provide technical assistance to communities, districts, and private companies operating solid waste management systems to insure that solid waste management is planned and carried out in an environmentally sound manner.

## Authorization

75-10-101, et. seq., MCA and 75-10-201, et. seq., MCA  
The program is authorized by the Montana Solid Waste Management Act and Plans, Funds and Administration Act  
**Base Program**

The Solid Waste Management Program is responsible for licensing and regulating solid waste management systems in Montana. Solid waste management systems include landfills, transfer stations, landfills for liquid and semi-liquid wastes, container systems used in municipal waste management and other waste storage, handling, treatment and disposal facilities. The 3.41 current level FTE's (and additional 1.5 FTE from HB 752, described below) in the program are charged with the responsibility for providing technical assistance to communities, refuse disposal districts, private individuals and commercial and industrial businesses on solid waste related issues. This may include routine waste problems or may involve management and disposal of special wastes such as asbestos, medical wastes, oil field sludges, waste vehicle tires, and other miscellaneous special waste materials. Program personnel are responsible for assisting the public with questions on recycling, waste minimization, incineration, etc.



Regulation of solid waste management systems includes responsibility for insuring that new facilities are constructed in an environmentally sound fashion and engineered to limit the pollution potential of the facilities to air, water or soil. Existing facilities are required to provide essentially the same environmental and aesthetic guarantees. As a result of legislation passed by the 1989 legislature, approximately thirty-five landfills will have comprehensive groundwater monitoring systems, and program personnel are required to review hydrogeological reports, approve the design and installation of the monitoring systems, track sampling data for the systems and mandate remedial activities if leakage of contaminants is detected.

Additional legislation passed by the 1989 legislature (HB 752) gave the department responsibility for tracking the importation of solid waste into Montana, movement of waste within regions established in the state, stricter requirements for establishing new municipal waste incinerators, and careful review of proposals from existing incinerator facilities to treat additional amounts of waste. The legislation provides for fees to be assessed on certain waste transfer between regions and directs the department to develop an assessment and collection program. These fees will be placed into an earmarked solid waste management account and be used to support an additional 1.5 FTE's authorized by the legislature. The budget attached reflects 2nd level expenditures and a redistribution of funds into operating expenses not present in FY 90 and FY 91. This is due to the fact that an importation moratorium included in HB 752 is in effect until October 1, 1991. Since no waste can be imported, no fees will be collected in that period, and the 1.5 FTE's allocated have not been filled.

The base solid waste program has two important parts: 1) licensing and regulating solid waste management systems and 2) providing technical assistance and support to system operators. Program personnel are responsible for licensing and inspecting approximately 200 landfills, transfer stations, municipal waste incinerators and similar kinds of facilities, statewide. License review and inspections are conducted to insure compliance with current state laws and rules regarding solid waste

systems. In the provision of technical assistance to solid waste management system owners and operators, program staff provide significant input to local planning committees, city and county governments, refuse disposal district boards of directors, and the commercial solid waste management industry.

### **Base Funding**

Base funding for the program consists of general fund appropriation for the basic regulatory and technical assistance portions of the program.

### **Increases/Decreases From Base**

Stringent new federal "Subtitle D" regulations proposed in 1988 and scheduled for final adoption in December 1990 will require that the state extensively modify its licensing and regulatory program. The department estimates that the new federal requirements will contribute to a three or four-fold increase in municipal waste disposal costs, causing site-closures for facilities unable to meet the new requirements and promoting the regionalization of solid waste disposal facilities. Federal enforcement would further increase costs due to the greater stringency and lack of flexibility of federal enforcement. Maintaining state-level coordination and control will control costs and enable the state to manage the profound changes expected to occur in the structure of the state's solid waste disposal industry.

The budget reflects an increase of 2.33 FTE (3.00 FTE increase in bureau staffing and 0.17 FTE decrease in assigned legal support) and approximately \$111,000 in state special revenue authority per fiscal year with funding generated by fees paid by landfill operators. Fees would be used to supplant approximately \$81,000 of general funds in the current level budget beginning in FY 93. The amount of the general fund supplementation is based upon the department's estimate of the current level effort devoted to site specific permitting activities. The current level budget retains the 1.50 FTE and approximately \$66,000 in state special revenue authority appropriated by the 51st Legislature pursuant to HB 752.

Due to the moratorium on the importation of solid waste into the state, no expenditures were made from this appropriation.

### Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
To process new solid waste license applications within a six month period.	12	12	12	12
To inspect solid waste management systems as needed.	50	75	75	75
To provide training and technical assistance to landfill operators.	20	20	20	20
To review and approve hydro-geological plans for monitoring land disposal sites.	8	15	15	15

# WATER QUALITY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	45.25	11.50	56.75	45.25	11.50	56.75
Personal Services	0.00	0	1,443,412	331,638	1,775,050	1,442,670	330,922	1,773,592
Operating Expenses	0.00	0	1,087,382	1,890,708	2,978,090	1,091,591	1,892,116	2,983,707
Equipment	0.00	0	9,610	38,829	48,439	9,610	36,336	45,946
Grants	0.00	0	245,970	50,000	295,970	245,970	50,000	295,970
Total Agency Costs	\$0.00	\$0	\$2,786,374	\$2,311,175	\$5,097,549	\$2,789,841	\$2,309,374	\$5,099,215
General Fund	0.00	0	180,289	-27,623	152,666	180,313	-27,608	152,705
State Special Revenue Fund	0.00	0	449,075	238,525	687,600	449,529	239,210	688,739
Federal Special Revenue Fund	0.00	0	2,157,010	2,100,273	4,257,283	2,159,999	2,097,772	4,257,771
Total Funding Costs	\$0.00	\$0	\$2,786,374	\$2,311,175	\$5,097,549	\$2,789,841	\$2,309,374	\$5,099,215

## Overview

The Water Quality Bureau is that program within the Department of Natural Resources and Environment that is responsible for the protection of public health and environmental quality of Montana's water resources. The program is responsible for the administration of the Montana Water Quality Act, Montana's Laws Regarding Public Water Supply, the Sanitation in Subdivision Act, the Water/Wastewater Operator Certification Law and numerous rules promulgated to implement these laws. The program has seven major activity units responsible for proper implementation of these statutes.

### Safe Drinking Water

Technical assistance and regulatory surveillance is provided to approximately 2400 public water systems throughout the state to ensure that the systems and the water provided to the public meets minimum public health and engineering standards. Proposed parcels of land less than 20 acres in size are reviewed to ensure adequate water supply and sewage disposal are provided. Those persons in responsible charge of a water or waste/water treatment system are required to be certified to ensure

competence in their field.

### Water Quality Management

Surface water in the state is monitored at selected locations to determine changes in quality or to determine impacts from suspected pollution sources. This information is used to develop plans to prevent or control identified sources of pollution.

### Nonpoint Source Pollution

Streams and lakes whose quality is adversely impacted by nonpoint sources of pollution are being identified and a non-regulatory program to control these sources is being implemented.

### Water Pollution Control

Alleged violations of Montana water quality laws are investigated and appropriate enforcement response undertaken. Program administration and coordination with other bureau activities and with other programs is accomplished through this activity.

#### Water Discharge Permits

This activity controls the quality of wastes that are discharged to state waters through the issuance of permits, review of monitoring reports and compliance inspection of permitted facilities.

#### Groundwater

Investigation of groundwater contamination problems are conducted and cleanup plans developed to protect beneficial uses of our groundwater resources. Permits are issued for activities that may pollute groundwater and activities coordinated with other programs having groundwater quality impacts.

#### Municipal Wastewater Assistance

This activity provides technical and financial assistance to municipalities for the design, construction, and operation of wastewater treatment systems. Financial assistance in the form of loans and grants, site specific and statewide operator training, small community outreach, and general technical assistance are included in this activity.

# SAFE DRINKING WATER

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	13.80	8.00	21.80	13.80	8.00	21.80
Personal Services	0.00	0	432,934	224,077	657,011	432,721	223,584	656,305
Operating Expenses	0.00	0	383,371	639,177	1,022,548	384,569	637,774	1,022,343
Equipment	0.00	0	2,410	14,860	17,270	2,410	14,860	17,270
Grants	0.00	0	95,970	50,000	145,970	95,970	50,000	145,970
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$914,685</b>	<b>\$928,114</b>	<b>\$1,842,799</b>	<b>\$915,670</b>	<b>\$926,218</b>	<b>\$1,841,888</b>
General Fund	0.00	0	165,322	-12,656	152,666	165,346	-12,641	152,705
State Special Revenue Fund	0.00	0	169,305	224,229	393,534	169,462	223,297	392,759
Federal Special Revenue Fund	0.00	0	580,058	716,541	1,296,599	580,862	715,562	1,296,424
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$914,685</b>	<b>\$928,114</b>	<b>\$1,842,799</b>	<b>\$915,670</b>	<b>\$926,218</b>	<b>\$1,841,888</b>

## Goals

- o To ensure that adequate water supply (quantity and quality), sewage treatment, solid waste disposal and storm drainage is provided for all new subdivisions of land which contain less than 20 acres.
- o To provide for certification of operators of public water and wastewater systems to ensure that individuals in charge of public water and wastewater systems meet minimum knowledge, competence and experience requirements for protection of public health, safety and state waters.

- o To protect, maintain and improve the quality and potability of water for public water supplies and domestic uses.

- o To ensure the infrastructure comprising Montana's public water and sewer systems meets minimum standards necessary for protection of health and the environment.

## Authorization

P.L. 93-523  
The Federal Safe Drinking Water Act provides for the as

amended establishment of standards, monitoring requirements, etc. for all public water systems.

75-6-101, MCA et seq  
Montana Law Regarding Public Water Supply provides for the regulation of public water supplies, establishment of construction standards, provision of training and technical assistance, and enforcement to protect the public health and the environment.

37-42-101, et seq, MCA

Montana Water and Wastewater Operator Certification Act provides the department with the authority to set standards for operators of public water and wastewater systems to ensure their knowledge and competence.

76-4-101, et seq, MCA

Sanitation in Subdivisions law extends the authority of the department to control water supply, sewage disposal and solid waste disposal to subdivisions of land.

## Base Program

The functional activities administered under the Safe Drinking Water Act include the Water/Wastewater Operator Certification Program, the Subdivision Review

## Program and the Public Water Supply Program.

### Public Water Supply

Montana has had a Public Water Supply Program since 1907 when the first Montana law was passed to address disease outbreaks and deaths associated with public water systems (PWS). Today's program regulates public water systems in terms of contaminants which may be found in the water and which are expected to have detrimental impact upon the water users. Regulated contaminants include those which can have short-term impacts (microbiological pathogens & nitrates) and those which can impact the health of long-term users (carcinogens, mutagens). The program regulates approximately 2,400 PWS ranging in size from rural bars and cafes to municipalities.

Among other duties, this program has responsibilities to ensure:

- Required water quality monitoring is performed;
- Maximum contaminant levels (MCL) are not exceeded;
- Training is provided for operators and administrators;
- Technical assistance is provided to operators;
- Approximately 200 water and sewer construction projects are reviewed, approved and constructed in accordance with established minimum standards;
- Approximately 1,200 PWS's are routinely inspected each year and necessary improvements are instituted;
- Disease outbreaks and contamination events are investigated;
- PWS's are assessed for surface water influence;
- PWS's are assessed for vulnerability to contamination from volatile and synthetic organics;
- The public is informed when and why their water is not safe to drink.

Montana's public water systems often do not fulfill their pure image perceived by the public. Montana's non-compliance figures are roughly twice the national average. We continue to see outbreaks of disease caused by waterborne organisms, contamination of wells by bacteria and, more recently, with carcinogenic chemicals (solvents, pesticides), poorly maintained and operated facilities and a constant turnover of competent operating personnel.

### Subdivision

The purpose of this program is to ensure that adequate water supply (quantity and quality), sewage treatment, solid waste disposal and storm drainage is provided for all new subdivisions of land which contain less than 20 acres. All such facilities are reviewed by the program or contracted counties to see that minimum design standards are complied with, the drinking water is acceptable in terms of quantity and quality and wastes are disposed of in a manner which does not endanger public health or the environment.

While the program is plagued with controversy it is very important to ensure the protection of public health and the environment and for providing assurance that infrastructure created to serve new development is adequate to support development. The human tendency seems too often to emphasize minimizing of development costs in order to maximize profit. While this may be attractive over the short term, it has been shown to cost the public dearly, over the long term, in terms of public health, the creation of public water/sewer systems which are not economically viable and infrastructure replacement.

The program, through its review process, addresses water supply, storage, treatment and distribution, sewage disposal, storm drainage and solid waste disposal. Department approval of a subdivision provides some degree of assurance that a potential lot owner can build his/her home where water supply is adequate in terms of quantity, quality and dependability; the sewage system is dependable and non-polluting; solid waste disposal meets



minimum standards; the homesite is in harmony with the environment and the infrastructure will not be substandard such that major improvements or replacement will be required.

#### Water and Wastewater Operator Certification

Montana requires certification of operators of public water and wastewater system. Such certification is deemed essential to ensure that individuals in charge of public water and wastewater systems meet minimum knowledge, competence and experience requirements for protection of public health, safety and state waters. Operators of public water and wastewater systems must possess the expertise and competence needed to ensure that complex treatment processes are providing the treatment necessary to protect consumers of the water and the quality of state waters. The certification program provides a variety of training materials and administers over 400 examinations each year to test proficiency in chemistry, bacteriology and hydraulics as well as operation and maintenance of water and sewer systems. Approximately 1300 operators are currently certified and the program is supported by licensing fees paid by those operators. Program support is currently provided by 1.0 FTE who is assisted by other bureau staff.

In order to ensure that operators maintain the high level of competence demanded by advancing technology and increasing public health concerns, the department has adopted rules implementing a continuing education requirement. This rule requires operators to earn a minimum number of credits every two years to maintain certification. Over 80 training events are evaluated for continuing education credit each year.

Ultimately, the quality of the finished water, which is either provided to the public for consumption or discharged to the environment, is in the hands of the operator. Training to help operators understand the significance of their work and to improve their expertise on the job is perhaps our most important tool to protect the safety of drinking water and the environment. The purpose of the water/wastewater certification program is to provide Montana's operators with the tools they need

to perform their very important work.

#### **Base Funding**

Funding for this activity is provided through a combination of federal funds, RIT funds, general funds and earmarked revenue. The Public Water Supply Program is funded by RIT funds and an EPA grant at a 25%/75% ratio. The Subdivision Program is funded by general funds and review fees that are collected by general in the state's general fund. The Water/Wastewater Operators' Certification Program is supported by certification fees.

#### **Increases/Decreases From Base**

The federal Safe Drinking Water Act Amendments of 1986 prescribe sweeping changes for the regulation of Public Water Systems (PWS). Montana's approximately 2,400 PWS's will be subject to new requirements designed to reduce the public's exposure to health risks. These requirements will include extensive monitoring, treatment for contaminant removal, banning of the use of lead containing materials, public notice, disinfection and filtration of surface water sources.

In the spring of 1990, the Governor authorized the department to appoint a Task Force representing the interests of municipalities, various civic organizations, consumers, small public water systems, legislative committees, local health departments and state agencies. The final report concluded that the state should take appropriate measures to retain primacy for enforcement of federal regulations and that legislative changes should be made to authorize the department to assess fees. These fees would be used to supplement existing funding of the PWS Program.

The budget reflects an increase of 8.0 FTE, approximately \$250,000 in state special revenue authority and \$750,000 in federal authority per fiscal year for the PWS Program. This proposal represents an increase in funding and staffing essential for the level of expansion envisioned in the task force report. At this level the Task Force feels the state will be able to begin implementation of



the new federal requirements, retain primacy and federal funding. Over the biennium the department, public water systems and the public will have the opportunity to carefully evaluate the impact of a new fee system and the effectiveness of an expanded state program. The major

line items in the department request include \$220,000 for personal services, \$200,000 for lab fees (to be used to subsidize the cost of testing for small PWS's), \$50,000 in grants to local health departments and \$420,000 in consultant and professional services per fiscal year.

## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Operators Certified	1300	1300	1550	1550
Operators Trained	750	750	875	900
Engineering Reviews	200	225	225	250
Construction Inspection	0	5	10	10
Surface Water Assessment	25	50	250	250
Vulnerability Assessment	0	100	350	350
Technical Assistance	150	150	150	150
Subdivisions Approved	800	800	800	800
Data Management (PWS's)	2400	2400	2400	2400
Federal Enforcement Actions	2	10	15	20
Training for Local Health Officials	2	2	2	2

# WATER QUALITY MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	5.85	.00	5.85	5.85	.00	5.85
Personal Services	0.00	0	183,219	803	184,022	183,338	807	184,145
Operating Expenses	0.00	0	232,289	-25,122	207,167	233,266	-25,000	208,176
Equipment	0.00	0	2,000	0	2,000	2,000	0	2,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$417,508</b>	<b>-\$24,319</b>	<b>\$393,189</b>	<b>\$418,604</b>	<b>-\$24,283</b>	<b>\$394,321</b>
State Special Revenue Fund	0.00	0	191,050	2,630	193,680	191,505	4,089	195,594
Federal Special Revenue Fund	0.00	0	226,458	-26,949	199,509	227,099	-28,372	198,727
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$417,508</b>	<b>-\$24,319</b>	<b>\$393,189</b>	<b>\$418,604</b>	<b>-\$24,283</b>	<b>\$394,321</b>

## Goals

o The major goals of Water Quality Management are to maintain a comprehensive program to monitor the quality of lakes and streams and to assess surface water quality conditions and trends statewide. Major goals also include the preparation and review of plans to protect high quality waters and to correct existing water quality problems, providing technical information and other assistance to resource managers for the purpose of planning to prevent or control water pollution.

## Authorization

P.L. 92-500

The Federal Clean Water Act requires states to monitor as amended surface waters for toxic and conventional pollutants, to prepare plans to control pollution and to assess water quality conditions and trends and report them to EPA and Congress.

75-5-101, et seq, MCA

The Montana Water Quality Act requires the Department to provide a comprehensive program for the prevention, abatement, and control of water pollution.

## Base Program

The base program for the Water Quality Management activity includes two areas of work: 1) Monitoring and Assessment and 2) Planning.

### Monitoring and Assessment

This activity maintains a network of 32 monitoring stations in the Clark Fork Basin. Besides this fixed-station monitoring, this activity supports intensive surveys of suspected point and nonpoint sources of pollution, ammonia toxicity studies at wastewater treatment plants, follow-up studies where pollution controls have been implemented, and complaint investigations. Data quality control, data management and data reporting are integral elements of this area of work. Data are used to guide water quality management decisions.

### Planning

Staff in this work area prepare plans to prevent or control pollution at the project, watershed or river basin level. In addition, this activity supports the review of resource development plans; these are typically timber sales/road building projects and mining operations. This activity also provides technical

information and financial support to county governments, conservation districts and other environmental planning organizations for the purpose of planning to prevent or control water pollution.

## Base Funding

**funds.** and a public health special revenue account. The source of the public health special revenue is the Reclamation Division, DNRE and its purpose is to fund one-half the salary of an environmental specialist who is shared by the Hardrock Mining Bureau and the Water Quality Bureau under a memorandum of understanding.

This activity is funded by federal (EPA) grants, RIT

## Performance Indicators

Performance indicators for the Water Quality Management activity may be grouped by work area.

### Monitoring and Assessment

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Fixed stations monitored	32	32	32	32
*Waterbody assessments	297	99	99	99
Intensive surveys	2	2	2	2
Ammonia toxicity studies	5	5	5	5
Before/after studies	2	2	2	2
Complaint investigations	96	100	104	108
Collect water quality samples	1632	1700	1710	1720
Submit QA/QC samples	85	85	85	85
Edit and file data sheets	841	850	855	860
Collect biological samples	50	50	50	50
Analyze biological samples	50	50	50	50
Statewide condition and trend report	1	1	1	1
Clark Fork monitoring report	1	1	1	1
Prepare study/survey reports	9	9	9	9

\* All 297 waterbodies were assessed in FY90; about one third of the waterbody assessments will be updated each year thereafter.

### Planning

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Review mine operation plans	20	20	20	20
Review timber harvest plans	25	25	25	25
Prepare pollution control plans	4	4	4	4
Issue planning grants to counties	12	12	12	12
Monitor planning grants to counties	12	12	12	12
Prepare Environmental assessments	2	3	2	3
Review Environmental assessments	6	6	8	8

# NONPOINT SOURCE POLLUTION CONTROL

	Fiscal 1990	Fiscal 1991	Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	.00	.00	2.00	2.00	2.00	2.00
Personal Services	0.00	0	55,785	56,040	55,802	55,913
Operating Expenses	0.00	0	48,200	1,328,352	48,580	1,330,533
Equipment	0.00	0	0	22,000	0	20,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$103,985</b>	<b>\$1,406,392</b>	<b>\$104,382</b>	<b>\$1,406,446</b>
Federal Special Revenue Fund	0.00	0	103,985	1,406,392	104,382	1,406,446
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$103,985</b>	<b>\$1,406,392</b>	<b>\$104,382</b>	<b>\$1,406,446</b>

## Goals

**Goals**

The major goals of Nonpoint Source Pollution Control are:

source (NPS) assessment report and to develop and implement a comprehensive nonpoint source pollution control program.

- o To identify lakes and streams that do not meet water quality standards because of nonpoint sources of pollution and describe the sources, causes, severity, and extent of pollution in each water:

- o Develop and implement a comprehensive program to control nonpoint source pollution for each major source category.

## Authorization

P.L. 100-4  
The Federal Water Quality Act of 1987 requires States to prepare a nonpoint source assessment report and a nonpoint source management program.

75-5-101, et seq. MCA  
The Montana Water Quality Act requires the Department to provide a comprehensive program for the prevention, abatement, and control of water pollution.

## Base Program

The objectives of the base program, which began in FY88, have been to prepare and refine a statewide nonpoint

source (NPS) and  
implement a con-  
trol program  
NPS Assessment

This work area includes preparation of the initial NPS assessment report, refining and updating pollution assessments, developing a standardized stream reach assessment protocol for prioritizing problem streams, and conducting stream assessments using the standard protocol.

## NPS Program Development

This work area includes preparation of the initial NPS management program and subsequent revisions to that program, preparing and submitting applications for implementing grants, planning demonstration projects, reviewing federal agency activities for consistency with the management program, establishing a NPS Task Force, hosting and attending NPS coordination meetings, and carrying out limited educational activities.

## Base Funding

The base program (NPS program development) is entirely funded by federal grants.

## Increases/Decreases From Base

EPA approval of the Montana NPS assessment report and management program in FY90 qualifies the state to use program development grants for NPS implementation work and to receive additional implementation funds appropriated by Congress. The base program grant by itself (approximately \$100,000 per year) is not sufficient to allow the state to carry out an effective implementation program while meeting the program development requirements of the Federal Water Quality Act.

Up to \$1.4 million per fiscal year will be available to the Department during the next biennium for implementing Montana's approved NPS Program. This increase to base funding allows for a program staff increase of 2.00 FTE and would make available each year approximately \$1.3 million of federal grant money to be passed through to conservation districts that sponsor nonpoint source demonstration projects.

Grants from EPA for program implementation require a 40% match of non-federal funds. The required match may be satisfied by incorporating NPS control projects into the state work plan that have been funded by the Reclamation and Development Grants Program.

## Performance Indicators

Stream reaches assessed  
 Demonstration projects planned  
 Grant applications prepared  
 Task Force meetings held  
 Project planning meetings held  
 Interagency meetings attended  
 NPS newsletters distributed  
 Educational Brochures distributed  
 Federal agency activity reviews  
 Demonstration projects initiated

FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
52	50	51	50
2	2	2	2
3	3	3	3
2	3	3	3
5	5	5	5
10	10	10	10
900	900	900	900
1,000	1,000	1,000	1,000
24	24	24	24
0	4	6	6

# WATER POLLUTION CONTROL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	8.30	.00	8.30	8.30	.00	8.30
Personal Services	0.00	0	272,900	1,204	274,104	272,719	1,205	273,924
Operating Expenses	0.00	0	145,130	-38,650	106,480	145,512	-38,592	106,920
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$418,030</b>	<b>\$-37,446</b>	<b>\$380,584</b>	<b>\$418,231</b>	<b>\$-37,387</b>	<b>\$380,844</b>
State Special Revenue Fund	0.00	0	88,720	-3,334	85,386	88,562	-3,176	85,386
Federal Special Revenue Fund	0.00	0	329,310	-34,112	295,198	329,669	-34,211	295,458
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$418,030</b>	<b>\$-37,446</b>	<b>\$380,584</b>	<b>\$418,231</b>	<b>\$-37,387</b>	<b>\$380,844</b>

## Goals

- o To provide accurate and secure storage of water quality data.
- o To provide timely review and revisions of the water quality standards.
- o To provide competent review of major projects so that water quality impacts can be avoided or minimized.
- o To provide support to the Board of Natural Resources and Environment during any appeals under the nondegradation rules.
- o To provide timely review of requests for short term authorization to exceed turbidity standards for turbidity and for 401 certification requests so as to minimize their water quality impacts.
- o To provide timely investigations of alleged violations of water quality laws and initiate appropriate enforcement actions.
- o To provide support for the ongoing water quality investigations of the Flathead Basin and perform other water quality studies as required.

## Authorization

P.L. 100-4

The Federal Clean Water Act of 1987 requires that states review activities requiring a federal permit or license and certify if the permitted or licensed activity will comply with state water quality laws.

75-5-101 et seq MCA

The Montana Water Quality Act sets forth the policy and requirements for water pollution control.

## Base Program

The water pollution control activity of the Water Quality Bureau provides for the general protection of water quality in Montana. This includes the following: storage and retrieval of water quality data, reviewing and revising of water quality standards, reviewing major projects which may affect water quality, determining whether a project will cause degradation and following through on the appeal process, issuing short term authorizations to exceed water quality standards, issuing 401 certifications, and investigating alleged violations of water quality laws and initiating appropriate enforcement actions.

## Base Funding

The water pollution control activity is federally funded by a grant from the Federal Environmental Protection Agency but requires a non-federal maintenance level of funding of not less than \$85,386.00.

## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Complaint investigations	195	200	200	200
Enforcement actions	15	15	15	15
Short term authorizations	140	170	170	200
Short term inspections	30	35	40	50
401 certifications review	310	310	305	340
401 inspections	20	20	25	30
Major Projects reviewed	4	5	5	5
Water quality analyses stored in data system	2800	2800	2800	2800



# WATER PERMITS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	3.50	.00	3.50	3.50	.00	3.50
Personal Services	0.00	0	136,715	608	137,323	136,829	611	137,440
Operating Expenses	0.00	0	49,802	-19,110	30,692	49,994	-19,070	30,924
Equipment	0.00	0	2,000	0	2,000	2,000	0	2,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$188,517</b>	<b>\$-18,502</b>	<b>\$170,015</b>	<b>\$188,823</b>	<b>\$-18,459</b>	<b>\$170,364</b>
Federal Special Revenue Fund	0.00	0	188,517	-18,502	170,015	188,823	-18,459	170,364
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$188,517</b>	<b>\$-18,502</b>	<b>\$170,015</b>	<b>\$188,823</b>	<b>\$-18,459</b>	<b>\$170,364</b>

## Goals

- o To protect and improve water quality by establishing limits on the quantity and quality of pollutants which can be discharged into state waters.
- o To accurately and efficiently process applications for wastewater discharge permits.
- o To assist in investigating complaints of water pollution and to assist in enforcement and followup of water pollution incidents.
- o To document, track, and follow up on oil and hazardous material spills into state waters, to assure adequate cleanup is accomplished.

## Authorization

P.L. 92-500  
The Federal Clean Water Act, as amended by P.L. 100-4, February 4, 1987, provides for implementation of water pollution control programs, including control of point source discharges of wastewater. Section 402 of the Act establishes the National Pollutant Discharge Elimination System-program (for NPDES permits), with provisions for federal delegation of the program to individual states.

75-5-101.MCA

The Montana Water Quality Act requires a permit from the Department for the discharge of sewage, industrial wastes or other wastes into state waters.

## Base Program

Permits program staff is responsible for the Department's administration of the surface wastewater discharge permits program. This program protects water quality by establishing limits on the quantity and quality of pollutants which can be discharged into state waters. The program is nationwide, authorized under the Federal Clean Water Act, and the administration of the program in Montana has been delegated to the state by the U. S. EPA.

Activities include processing new and renewal permit applications for all wastewater discharges to state surface waters, reviewing discharge quality data from the permittees, tracking to assure compliance and following up to address compliance problems, administering the industrial pretreatment program, and entering self-monitoring and other facility data into the national data system. More than 400 facilities are currently regulated by this permit program.

Other activities of program staff include documenting, tracking, and followup of oil and hazardous material spills into state waters, and investigating complaints of

water pollution, including assisting in enforcement and followup of water pollution incidents.

### Base Funding

Funds for program administration are provided totally by the U. S. EPA.

### Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Regular MPDES permits issued	90	90	90	90
General Permits issued	4	2	2	2
G.P. Authorizations issued	40	50	60	70
Facility Inspections/Reports	50	50	50	50
Facility/discharge data entered into PCS	195	205	225	240
Spills	200	200	200	200
Complaint Followup	6	36	36	36

# GROUNDWATER POLLUTION CONTROL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	2.00	2.00	4.00	2.00	2.00	4.00
Personal Services	0.00	0	67,144	60,590	127,734	67,156	60,456	127,612
Operating Expenses	0.00	0	59,310	30,640	89,950	59,568	31,329	90,897
Equipment	0.00	0	0	2,000	2,000	0	1,507	1,507
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$126,454</b>	<b>\$93,230</b>	<b>\$219,684</b>	<b>\$126,724</b>	<b>\$93,292</b>	<b>\$220,016</b>
General Fund	0.00	0	14,967	-14,967	0	14,967	-14,967	0
State Special Revenue Fund	0.00	0	0	15,000	15,000	0	15,000	15,000
Federal Special Revenue Fund	0.00	0	111,487	93,197	204,684	111,757	93,259	205,016
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$126,454</b>	<b>\$93,230</b>	<b>\$219,684</b>	<b>\$126,724</b>	<b>\$93,292</b>	<b>\$220,016</b>

## Goals

- o Administer the Montana Ground Water Pollution Control Permit System to control unregulated sources of ground water pollution.
- o Coordinate with other state agencies and programs to ensure compliance with ground water quality standards and consistency.
- o Utilize the authority to ensure unanticipated spills and discharges are properly cleaned up.
- o Coordinate with the Department of Agriculture to implement the Montana Agricultural Chemical Ground Water Protection Act.

## Authorization

75-5-101 MCA  
The Montana Water Quality Act is the policy of Montana to preserve and protect water quality and to provide a comprehensive program for the prevention, abatement, and control of water pollution.

P.L. 100-4  
The Federal Clean Water Act, authorizes federal grants

for the implementation of water pollution control programs, including groundwater pollution control.

## Base Program

This program responds to citizen complaints relating to ground water, investigates incidents of ground water contamination, oversees ground water cleanups and coordinates with other state programs to assure that state ground water standards are met. A ground water pollution control permit program is maintained to regulate industries which produce, store or dispose of wastes that may cause ground water pollution. New ground water pollution prevention programs are under development to protect wellhead areas around public water supply wells, to address problems with pesticides in ground water and to assess ground water pollution from nonpoint sources.

Ground water standards and the nondegradation rule administered by the Water Quality Bureau serve as the basis for all ground water quality protection decisions in Montana.

The Montana Ground Water Pollution Control System (MGWPCS) Program is staffed by two FTEs. Approximately 25 MGWPCS permitted facilities are active and 5 to 10

applications for new permits are processed each year. Regular inspections are required to determine compliance.

MGWPCS staff are responsible for enforcement of the ground water regulations and standards. Staff are involved in the waste management programs within the Department to ensure compliance with ground water standards. For example, in cases where leachate from a landfill impacts nearby domestic wells, the MGWPCS is utilized to require the responsible party to implement corrective actions and to provide an alternate water supply to ground water uses affected by the leachate. About 25 of these cases are ongoing. WQB ground water staff assist Reclamation Division, DNRE, with the review of operating permit applications for hard rock mining and milling facilities to determine compliance with ground water standards. Approximately 5 to 15 operating permit applications are reviewed each year.

Ground Water staff are required to work with the Dept. of Agriculture to implement the requirements of the Montana Agricultural Chemical Ground Water Protection Act. MGWPCS staff are responsible for investigating spills or unanticipated releases of materials that threaten ground water quality. Approximately 75 to 150 spills are reported each year and 10 to 20 of these releases require comprehensive follow-up to make sure cleanup meets ground water standards.

MGWPCS staff provide hydrogeologic expertise to other programs within the Bureau, such as the analysis of data on the reliability of the water yield from public water supply wells. Staff also provide information and interpret regulations for the public, industry and other governmental agencies.

### Base Funding

The ground water program is funded entirely by federal grant funds under Section 106 of the Federal Clean Water Act. Approximately \$14,967 of general fund support is provided for this activity. HB 757 authorizes the Department of Agriculture to assess fees for the registration of pesticides and fertilizers. These fees are deposited in a special revenue account and then

transferred to the general fund. These funds are specifically provided to the Department to assist the Department of Agriculture with implementation of pesticide management plans under the Montana Agricultural Chemical Ground Water Protection Act.

### Increases/Decreases From Base

The EPA has proposed target funding levels for new groundwater quality protection programs in the state under section 106 of the federal Clean Water Act: (per fiscal year) \$35,000 for wellhead protection; \$28,000 for pesticides in groundwater; and \$48,000 for nonpoint groundwater pollution control. In the 1991 biennium, the department received a budget amendment to implement these new programs. The executive budget proposes to continue these efforts and reflects an increase of 2.00 FTE and \$11,000 in federal revenue authority per fiscal year.

## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Monitor compliance	25	25	25	25
Process applications	7	8	9	10
Enforcement of GW Reg. coordinate w/other other programs	10	10	10	10
Assist Ag.Dept. w/pesticide plans	2	3	4	5
Assist Reclamation Div. review operating permit apps.	9	13	12	14
Follow-up spill cleanup	15	15	15	15
Provide Hydrogeologic expertise.	10	10	10	10

# MUNICIPAL WASTEWATER ASSISTANCE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	9.80	-.50	9.30	9.80	-.50	9.30
Personal Services	0.00	0	294,715	-11,684	283,031	294,105	-11,654	282,451
Operating Expenses	0.00	0	169,280	-24,579	144,701	170,102	-24,768	145,334
Equipment	0.00	0	3,200	-31	3,169	3,200	-31	3,169
Grants	0.00	0	150,000	0	150,000	150,000	0	150,000
<b>Total Agency Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$617,195</b>	<b>\$-36,294</b>	<b>\$580,901</b>	<b>\$617,407</b>	<b>\$-36,453</b>	<b>\$580,954</b>
Federal Special Revenue Fund	0.00	0	617,195	-36,294	580,901	617,407	-36,453	580,954
<b>Total Funding Costs</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$617,195</b>	<b>\$-36,294</b>	<b>\$580,901</b>	<b>\$617,407</b>	<b>\$-36,453</b>	<b>\$580,954</b>

## Goals

o To maintain and improve the high quality of Montana's surface and groundwater resources by preventing the discharge of inadequately treated wastes.

o To provide an affordable and long-term source of financial assistance to communities to build water pollution control facilities through the use of construction grants and low interest loans.

o Prevent water pollution through the use of technical assistance, statewide operator training, small community outreach and a comprehensive facility evaluation program to identify existing and potential performance limiting factors.

## Authorization

P.L. 92-500, as amended  
The Federal Water Pollution Control Act, also known as the Clean Water Act, 33 U.S.C. 1251 through 1387, as amended, establishes authority for the Construction Grants Program, the State Revolving Fund Program, and grants to states (Section 109(b)) for training facilities.

75-5-1101, et. seq., MCA

The Montana Wastewater Revolving Fund Act establishes the Montana wastewater treatment revolving fund program.

75-5-101, et. seq., MCA

The Montana Water Quality Act provides a comprehensive program for the prevention, abatement, and control of water pollution.

## Base Program

The functional activities administered under this Municipal Wastewater Assistance Program include the Construction Grants Program, the Wastewater Treatment Revolving Fund, and the 109(b) Training Program as described below. Administration of these programs is supported almost entirely with federal funds.

## 50054 Construction Grants Program

The EPA Construction Grants Program was created in 1972 with the passage of the Clean Water Act as a means of providing grant assistance to communities to meet national wastewater treatment standards. Eligible projects include technical studies, wastewater treatment plants, collection systems, and related engineering services. Montana has received over 180 million dollars from the federal government to build wastewater projects, matched by a local investment estimated to be over 70

million dollars. Administration of the grant program is delegated to the states with limited oversight by EPA. The program staff provides technical and administrative review of project documents, assists communities in securing funds and utilizing those funds in a cost-effective manner, and works to insure that the facility built is functional and meets discharge permit requirements. This program is being phased out and will be replaced with the state wastewater revolving loan fund, although work activities are projected to last through the mid-nineties. Objectives of this program include utilizing remaining grant funds for high priority projects, initiating and completing construction of projects currently in design and administratively closing out projects where construction has been completed. New activities within this program include: 1.) development and implementation of a pollution prevention program designed to keep facilities built with grant assistance in compliance, and 2.) implementation of a new regulatory program governing the treatment and disposal of wastewater sludges as mandated by stringent new federal requirements. Adequate federal funds are available to support staffing for this program until all activities are completed.

#### 50059 Wastewater Treatment Revolving Fund

The 1987 amendments to the Clean Water Act created the state revolving loan program as a means of providing a long-term source of financial assistance for water pollution control projects. The 1989 Montana legislature passed enabling state legislation (House Bill 601) for the program allowing DNRE (as per reorganization) the administrative framework to establish the new program. The uses of the fund include low interest loans, bond leveraging, refinancing existing debt, credit enhancements, and administrative costs. The program is capitalized over a six-year period with federal and state funds. All principal, interest, and investment earnings must revolve back into the fund for future loans. Approximately 40 million dollars in federal funds have been authorized by Congress for the program which must be matched with a 20 percent state share which is 8 million dollars (statutory appropriation - under HB 601). The program will be administered in a manner similar to the

construction grants program with eligibility requirements initially the same. As initial federal monies are loaned out and funds revolve back into the program, many of the federal programmatic requirements are dropped. A transfer of staff from the grants program to the new loan program will occur during the biennium as workload increases occur in this area. The MDSL will assist MDNRE in administration of the program in areas of loan process and obtaining the state match through sale of state general obligation bonds. The following objectives will be sought in development and implementation of this program:

- Develop a state revolving fund program that provides low interest financing (up to 100 percent loans) for municipal wastewater facilities and systems;
- Insure the technical integrity of state revolving fund projects through the review of planning, design plans and specifications, construction activities, and development of a sound operation and maintenance program;
- Insure compliance with all pertinent federal, state, and local water pollution control laws and regulations;

- Obtain optimum capitalization of the funds for the state in the shortest reasonable time; and

- Simplify the administration and regulatory requirements of the program without sacrificing project quality to make the financial assistance readily accessible.

It is estimated that binding commitments for loans in the amount of 12 million dollars in FY 92 and 10 million dollars in FY 93 will be made to allow achievement of the objectives listed above.

#### 50061 109(b) Training Program

MDNRE and Northern Montana College (NMC) have collaborated to create the Montana Environmental Training Center (METC), a resource center designed to train



environmental professionals working in the water and wastewater field. The increasing complexity of new treatment processes and additional regulatory constraints placed upon water and wastewater systems has generated a significant demand for training in the environmental field. The center is supported with a \$500,000 federal grant which NMC received in January of 1989 to be used over a five-year period. Although initially federally supported, the training center is being managed to become self-sufficient with charges currently being assessed for most METC activities to achieve this purpose. Federal regulations prohibit the use of the training grant for administrative support of the program provided by the state. Budget authority is requested to allow MDNRE to contract with NMC to fund a shared position for a Training Coordinator to implement the training programs

associated with METC. Federal funds available under Section 205(g) of the Clean Water Act can be used for this purpose. The position will reside in Great Falls with office space provided at the satellite campus of NMC. Significant in-state travel for the position is necessary as a multi-regional outreach program is being utilized.

### Base Funding

The Municipal Wastewater Assistance Program is funded with federal grants and proceeds of bonds sold by the Montana Board of Examiners for purposes of providing the state match to federal funds for project loans and administrative costs incurred by the state.

## Performance Indicators

Binding Commitments for Loans  
Design Reviews  
Construction Completions  
Plant Evaluations  
Technical Assistance  
Workshops & Seminars

FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
0	4	8	6
14	10	10	10
8	8	8	8
6	12	12	12
20	20	22	25
13	15	15	15

# PETRO TANK RELEASE COMPENSATION BOARD

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
	.00	.00	12.00	.00	12.00	12.00	.00	12.00
Personal Services	0.00	0	331,476	1,439	332,915	331,218	1,449	332,667
Operating Expenses	0.00	0	155,000	-45,157	109,843	155,000	-45,157	109,843
Equipment	0.00	0	10,000	0	10,000	10,000	0	10,000
Benefits and Claims	0.00	0	3,922,802	0	3,922,802	3,922,802	0	3,922,802
Total Agency Costs	\$0.00	\$0	\$4,419,278	\$-43,718	\$4,375,560	\$4,419,020	\$-43,708	\$4,375,312
State Special Revenue Fund	0.00	0	4,419,278	-43,718	4,375,560	4,419,020	-43,708	4,375,312
Total Funding Costs	\$0.00	\$0	\$4,419,278	\$-43,718	\$4,375,560	\$4,419,020	\$-43,708	\$4,375,312

## Overview

The Petroleum Tank Release Compensation Board (Board) was created by section 8, chapter 528, Laws of 1989. The Board has the authority to employ its own staff and consultants; and for that purpose, the seven members exercise the powers of a director of a department. The Board is allocated to the Department of Natural Resources and Environment (DNRE) for administrative purposes only and operates in close conjunction with the Environmental Division of DNRE. The Board funds eight FTE's within the Environmental Division for the reviewing of claims and responding to releases from petroleum storage tanks.

The Board functions are to provide a financial assurance mechanism, as required under the Superfund Amendment and Reauthorization Act of 1986 (42 U.S. Code Sec. 6991), to assure the cleanup of petroleum products which leak from storage tanks. The Board also reimburses owners or operators of eligible tanks for their expenditures in cleaning up such releases and compensates persons who live at, or own property near, such leaking tanks for bodily injury or property damage they sustain as a result of the release.

## Goals

- o To provide a financial assurance mechanism, as

required under the Superfund Amendment and Reauthorization Act of 1986 (U.S. Code Sec. 6991).

- o To assure the cleanup of petroleum products which leak from storage tanks.
- o To reimburse the owners or operators of eligible tanks for their expenditures in cleaning up petroleum storage tank releases.

- o To compensate persons who live at or own property near leaking petroleum storage tanks for bodily injury or property damage they sustain as a result of the release.

## Authorization

75-11-301, et seq., MCA

The Petroleum Storage Tank Cleanup Act outlines the policy for the reimbursement of claims made by owners or operators of petroleum storage tanks for corrective action costs, third-party bodily injury, or property damage costs and defines the eligible petroleum storage tanks.

## Base Program

The Board funds two separate programs within the agency. The Board may hire staff for the administration of the

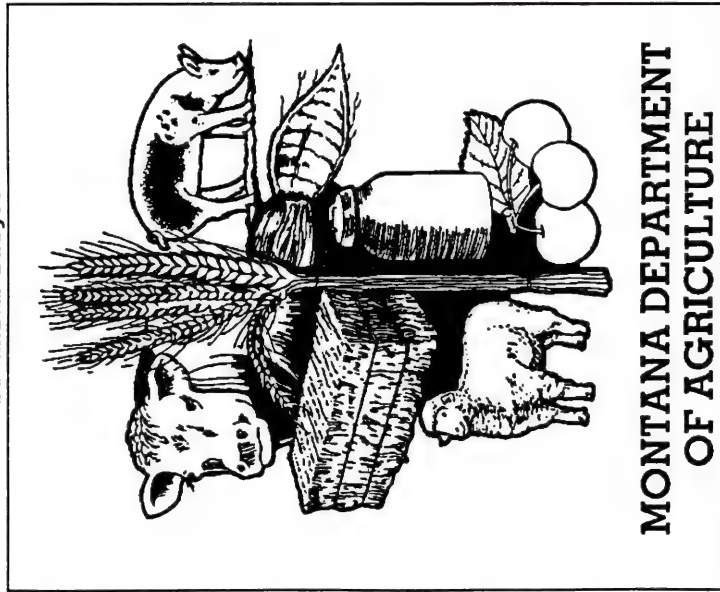


The Board cannot project the number of claims which would be processed in any given year. There are two reasons for this:

- 1) The Board has not received claims for an entire year and cannot project the number of claims which will be received in the future; and
- 2) The Board began processing claims in March, 1990; therefore, the amount of claims which could be processed will not be known until the end of FY91.

1993

Biennium Budget



MONTANA DEPARTMENT  
OF AGRICULTURE

Everett M. Snortland

Director



**DEPARTMENT OF AGRICULTURE  
NARRATIVE BUDGET JUSTIFICATION**

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# DEPARTMENT OF AGRICULTURE AGENCY SUMMARY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	90.33	92.59	91.59	5.12	96.71	91.59	5.50	97.09
Personal Services	2,354,911.62	2,581,816	2,559,223	176,868	2,736,091	2,558,655	185,469	2,744,124
Operating Expenses	1,108,494.62	1,250,043	1,137,507	290,231	1,427,738	1,144,208	348,231	1,492,439
Equipment	135,252.55	132,688	181,188	176,847	258,035	81,188	87,870	169,058
Grants	1,796,997.24	2,513,022	2,513,481	-58,537	2,454,894	2,513,618	-55,705	2,457,913
Total Agency Costs	\$5,395,656.03	\$6,477,569	\$6,291,399	\$585,359	\$6,876,758	\$6,297,669	\$565,865	\$6,863,534
General Fund	1,435,071.60	1,615,600	1,529,121	-587,396	941,725	1,526,725	-737,586	789,139
State Special Revenue Fund	3,412,777.50	4,209,548	4,158,718	1,091,070	5,249,788	4,166,118	1,221,876	5,387,994
Federal Special Revenue Fund	282,130.88	354,648	298,271	82,450	380,721	299,136	81,658	380,794
Proprietary Fund	7,798.68	10,561	11,168	50	11,218	11,241	30	11,271
Expendable Trust Fund	257,877.37	287,212	294,121	-815	293,306	294,449	-113	294,336
Total Funding Costs	\$5,395,656.03	\$6,477,569	\$6,291,399	\$585,359	\$6,876,758	\$6,297,669	\$565,865	\$6,863,534
Centralized Services	413,579.62	412,366	448,289	1,269	449,558	449,058	1,681	450,739
State Grain Laboratory	476,420.44	384,022	378,234	158,696	536,930	378,781	139,657	518,438
Environmental Management	2,106,897.44	2,560,332	2,510,536	371,370	2,881,906	2,512,824	369,291	2,882,115
Plant Industry	548,621.75	629,759	622,500	2,093	624,593	623,468	3,959	627,427
Agricultural Development	1,850,136.78	2,491,090	2,331,840	51,931	2,383,771	2,333,538	51,277	2,384,815
Total Program Costs	\$5,395,656.03	\$6,477,569	\$6,291,399	\$585,359	\$6,876,758	\$6,297,669	\$565,865	\$6,863,534

MCA, establishes the Department of Agriculture as mandated in the constitution. Title 2-15-3002 through 2-15-3015, MCA, establishes:

## MISSION AND GENERAL DESCRIPTION

Article XII, Section 1, of the Montana Constitution mandates:

"The legislature shall provide for a Department of Agriculture and enact laws and provide appropriations to protect, enhance, and develop all agriculture."

Montana Wheat and Barley Committee (2-15-3002)  
Board of Hail Insurance (2-15-3003)  
Montana alfalfa seed committee (2-15-3004)  
Alfalfa Leaf-cutting Bee Committee (2-15-3005)  
Montana Mint Committee (2-15-3006)  
Agricultural Loan Authority (2-15-3007)  
Montana Agriculture Development Council (2-15-3015)

Title 2-15-104, MCA, subsection (m) and Title 2-15-3001,

Section 80-1-102, MCA, defines the duties of the Department

as follows:

- (1) encourage and promote the interests of agriculture, including horticulture and apiculture, and all other allied industries;
- (2) collect and publish statistics relating to the production and marketing of crops and other agricultural products so far as the information may be of value to the agricultural and allied interests of the state;
- (3) assist, encourage, and promote the organization of farmers' institutes, horticultural and agricultural societies, the holding of fairs, livestock shows, and other exhibitions of the products of agriculture;
- (4) adopt standards for open and closed receptacles for farm products and standards for the grade and other classifications of farm products;
- (5) cooperate with producers and consumers in devising and maintaining economical and efficient systems of distribution and aid in the reduction of waste and expense incidental to marketing;
- (6) have the authority to maintain a market news service, including information as to crops, freight rates, commission rates, and other consumers; and act as a clearinghouse for information of value to producers and consumers.
- (7) gather and diffuse information concerning the supply, demand, prevailing prices, and commercial movement of farm products;
- (8) investigate the practices and methods of factors, commission merchants, and others who receive, solicit, buy, sell, handle on commission or otherwise, deal in grain, vegetables, or other farm products, so that distribution of the commodities is accomplished effectively, economically, and without hardship, waste, or fraud;
- (9) cooperate with Montana State University, the Agricultural Experiment Station, and the federal government for the betterment of the agricultural industries of the state, the

improvement of rural life, and promotion of equality of opportunity for the farmers of the state;

- (10) take and hold in the name of the State of Montana property, real and personal, acquired by gifts, subscriptions, donations, and bequests;
- (11) sell and dispose of personal property owned by it in a manner the Department may provide; when in the judgement of the department the sale or disposal best promotes the purposes for which the Department is established;
- (12) contract in respect to any matter within the scope of its authority;
- (13) enforce Title 80 and all other laws for the protection and regulation of agriculture.

Parts 2 through 10 of Title 80 establish specific program responsibilities.

The Department of Agriculture is responsible for administration of a \$6.3 million annual budget, with 81.59 full-time employees (FTE) and 10 FTE used to staff seasonal employment needs. The Director oversees the Department's one unit, four divisions and nine bureaus.

#### AGENCY ORGANIZATION

The programs and functions of the Department of Agriculture are performed through the following major organizational components:

The Central Management Division performs technical, fiscal, and administrative support functions for the department. Responsibilities of the division include activities for internal operations of the Department. For operational purposes the Director's Office is budgeted as part of the Central Management Division. The Grain Laboratory Unit is attached to the Director's office for administration and operational purposes.

The State Grain Laboratory Unit (Title 80, Chapter 4, MCA) provides official USDA-FQIS (Federal Grain Inspection Service) and state grain inspection and grading for the State of Montana. The lab is responsible for providing unbiased grain grading and protein analytical services to

the grain industry, producers and dealers in Montana.

The Environmental Management Division (Title 80, Chapter 8, MCA) is responsible for the registration of 4,700 pesticide products; the training, certification and licensing of 1,392 commercial and government applicators, 1,078 operators, 500 pesticide dealers, and 8,000 private applicators. The division is also responsible for enforcement of the pesticide act and rules; providing technical environmental services to agriculture; providing an evaluation of pest management problems and programs; and providing analytical laboratory services to other agencies and the public.

The Vertebrate Pest Management program (80-7-1101 -1108, MCA) provides on-site demonstrations, educational materials and technical bulletins to assist producers in reducing damage caused by field rodents, birds and other larger mammals.

The Noxious Weed Management program (80-7-801 - 821, MCA) is responsible for administering statewide efforts aimed at control and/or eradication of noxious and other weeds.

The Montana Agricultural Chemical Ground Water Protection Program (80-15-101 - 414, MCA), enacted last session directed the Department to establish a program of education and prevention to protect the state's ground water from agricultural pesticides and fertilizers.

The Plant Industry Division (Title 80, Chapter 3 - 7, MCA) is responsible for the administration and enforcement of regulatory laws controlling the production, manufacturing, and marketing of agricultural commodities exported from, or distributed within, Montana. The division investigates consumer complaints; performs technical inspections and surveys; issues federal-state grade certificates; and provides regulatory technical expertise and licenses for 4,900 bee yards, 618 nurseries, 500 feed dealers, 235 fertilizer dealers, 340 seed dealers, and 325 grain merchandisers. The division also registers some 3,750 commercial feed products and 1,250 fertilizers.

The 51st Legislature created the Montana Mint Committee (80-15-402 - 419, MCA) to implement pest management programs and collect assessments on mint oil and license

dealers who purchase mint oil. The Plant Industry Division provides administrative support to the committee.

The Agricultural Development Division is responsible for administering programs directed at promoting and enhancing Montana agriculture.

The Marketing Program (80-11-101 - 104, MCA) is responsible for market enhancement and development through direct market development activities.

The Alfalfa Seed Program (80-11-301 - 313 and 2-15-3004, MCA) develops and promotes alfalfa seed. The committee contracts for research and marketing studies.

The Agricultural Finance Program (80-2-101 - 106, MCA) is responsible for making grants and lower interest-rate loans available to rural youth, rural youth organizations, and other qualified farmers and ranchers.

The State Hail Insurance Program (80-2-201 - 245 and 2-15-3003, MCA), insures any type of crop growing in Montana against losses caused by hail damage.

Statewide agricultural statistics and projections (80-11-102, MCA) are developed through a federal/state cooperative agreement administered through the division, which are made available through a comprehensive agricultural statistics bulletin and grain movement summary along with other production, price, and income reports.

The Agriculture Development Council (90-9-101 - 402, MCA) was established through the Montana Growth Through Agriculture Act (MGTA) to improve the agricultural business climate in Montana and enhance the economy of the state through investments in innovations in agricultural production, processing, marketing, and trade development.

The division is also responsible for promoting and encouraging intensive scientific and practical research in all phases of wheat culture, production, and marketing under the guidelines and policies developed by the Montana Wheat and Barley Committee (80-11-201 - 224, 2-15-3002, MCA).

The Agricultural Assistance and Counseling program (80-13-

102 - 214, MCA) is responsible for providing peer counseling, financial consulting, and voluntary debt mediation assistance. This program sunsets July 1, 1991.

## INCREASES OR DECREASE FROM BASE

Department of Agriculture division and program increases and decreases from base are detailed at the conclusion of each program section. The Department Agency Summary (page 1) information is presented graphically for the convenience of comparing trends based on actual expenditures and FY 91 appropriated in relation to the proposed FY 92 and FY 93 budget.

Figure 1: The Department of Agriculture budget proposes reducing the Plant Industry Division by 1.13 FTE and 1.10 FTE in the Agricultural Development Division. This is offset with addition of 3.50 FTE to meet increased workload demands at the State Grain Laboratory Unit and 3.18 FTE for groundwater and workload increases in the Environmental Management Division.

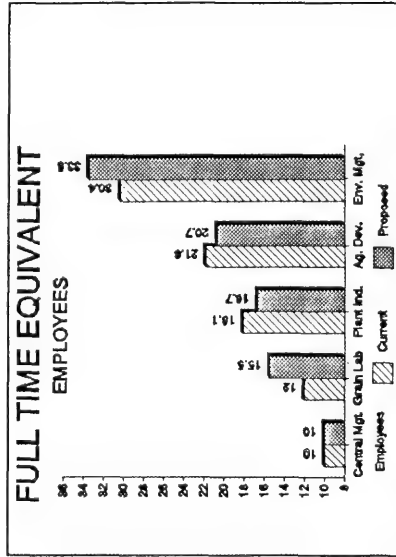


Figure 1

Figure 2: The Department of Agriculture's operational costs are graphically compared. Total operational costs rise in FY 91 and FY 92 as a result of workload increases in the ground water and grain laboratory programs.

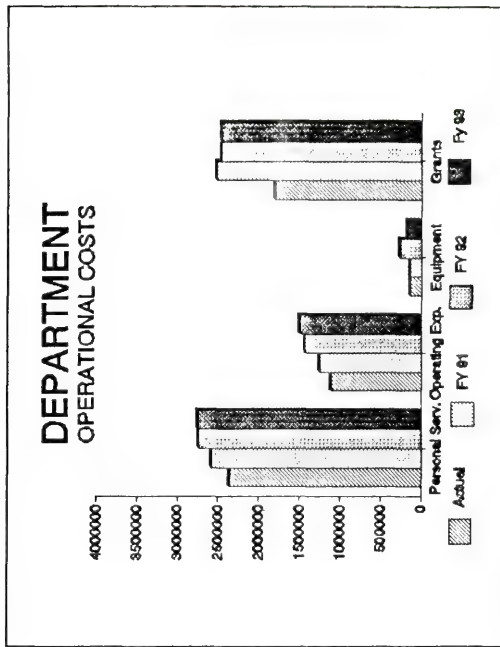


Figure 2

Figure 3: The Department of Agriculture appropriation is delineate by program in each fiscal year. The allocation of appropriation authority is impacted by grants provided through the Environmental Management Division for the Noxious Weed Program and the Agricultural Development Division by grants provided through the Montana Wheat and Barley Committee.

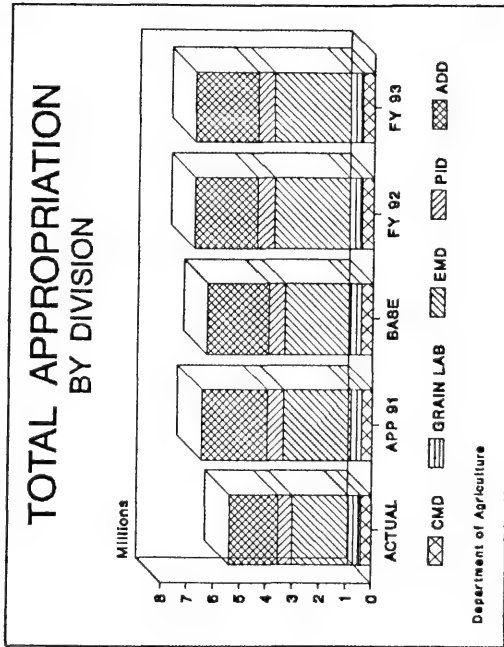


Figure 3

Figure 4: Figure 4 illustrates the total Department of Agriculture funding by type of funds for actual expenditures in FY 90 and appropriated expenditures in FY 91 through FY 93.

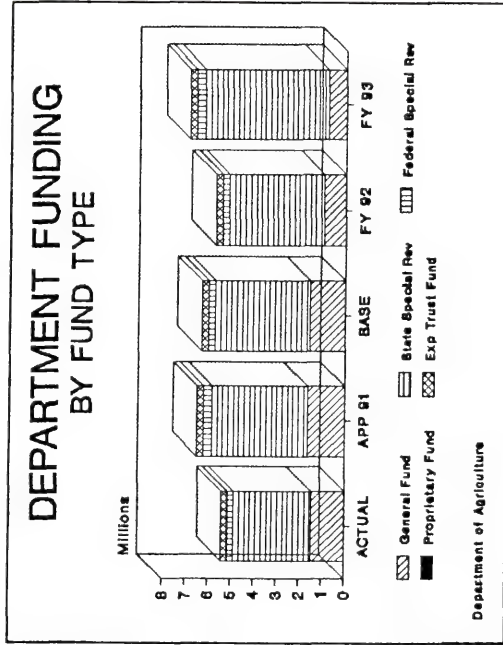


Figure 4



Figure 5: Figure 5 illustrates the Department of Agriculture's expenditure / appropriation trend. Shown are the actual expenditures in FY 90, appropriated expenditures for FY 91, the 1990 budget base for comparison purposes, and proposed appropriated levels for FY 92 and FY 93.

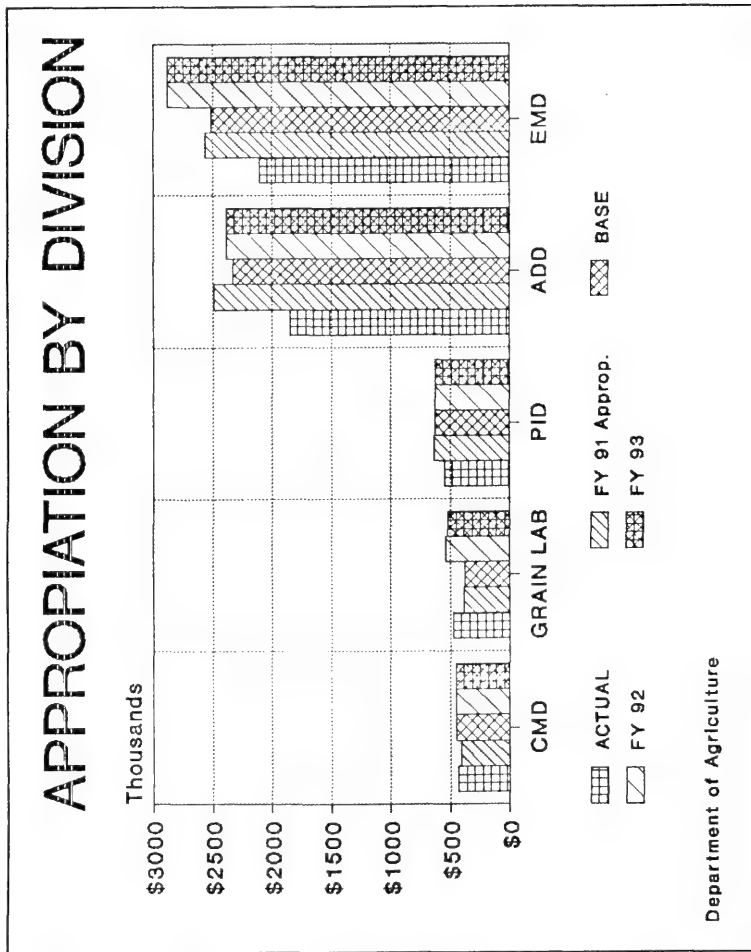
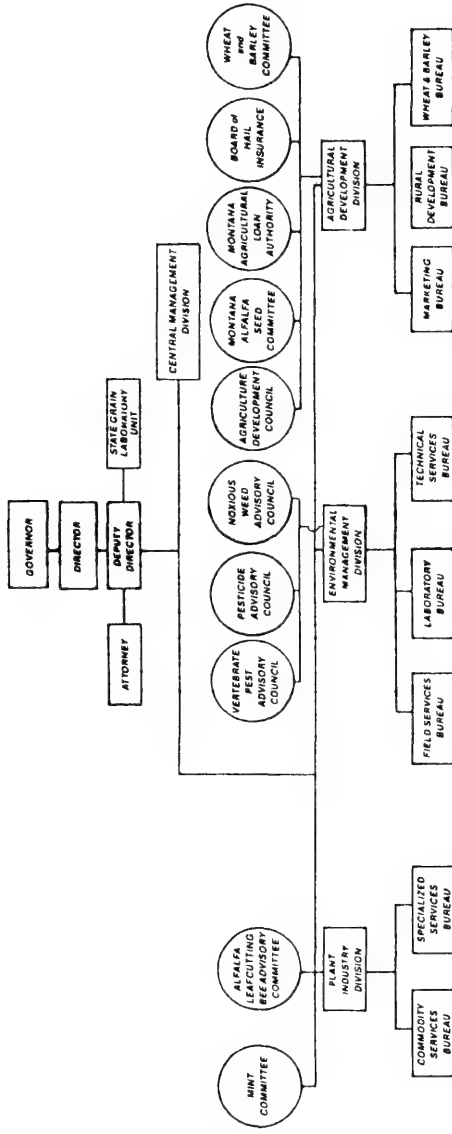


Figure 5

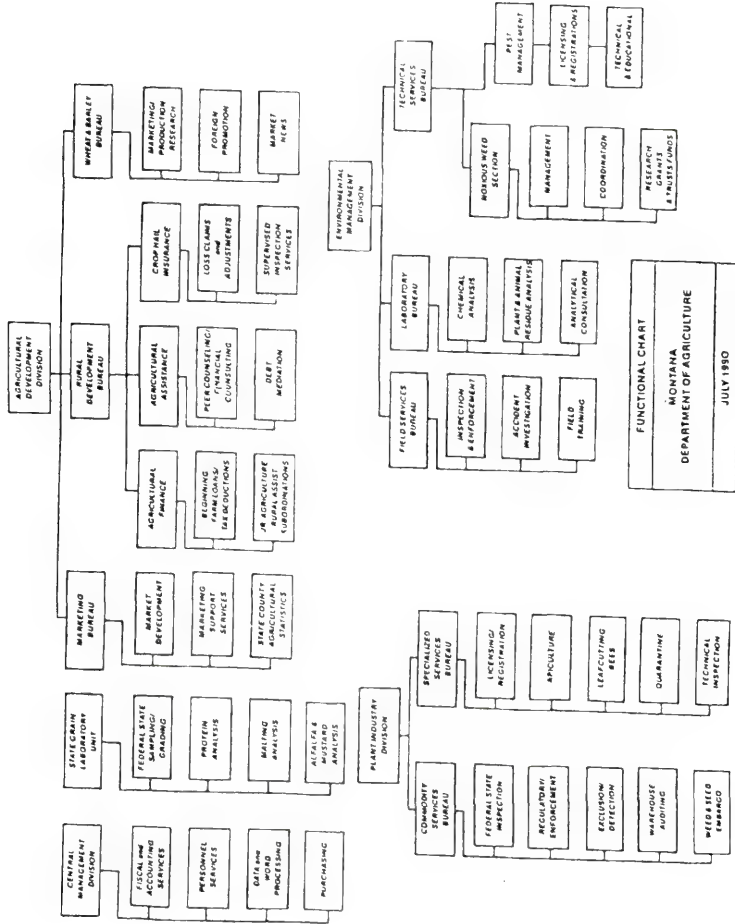


# AGENCY ORGANIZATION CHART



ORGANIZATIONAL CHART  
MONTANA  
DEPARTMENT OF AGRICULTURE  
Submitted by *E. M. Swetland*  
E. M. Swetland, Director  
Approved by *D. L. Allen*  
State Department, Governor

# AGENCY ORGANIZATION CHART



# CENTRAL MANAGEMENT DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	10.00	10.00	10.00	.00	10.00	10.00	.00	10.00
Personal Services	331,093.24	336,085	353,581	814	354,395	353,713	817	354,530
Operating Expenses	77,641.59	71,181	89,608	615	90,223	90,245	489	90,734
Equipment	4,844.79	5,100	5,100	-160	4,940	5,100	375	5,475
Total Agency Costs	\$413,579.62	\$412,366	\$448,289	\$1,269	\$449,558	\$449,058	\$1,681	\$450,739
General Fund	194,311.47	177,134	197,011	-110,626	86,385	197,344	-112,706	84,638
State Special Revenue Fund	168,716.92	182,703	196,284	107,023	303,307	196,617	109,628	308,245
Federal Special Revenue Fund	17,631.23	18,519	19,388	5,899	25,287	19,422	5,855	25,277
Expendable Trust Fund	32,920.00	34,010	35,606	-1,027	34,579	35,675	-1,096	34,579
Total Funding Costs	\$413,579.62	\$412,366	\$448,289	\$1,269	\$449,558	\$449,058	\$1,681	\$450,739

## OVERVIEW

The Central Management Division provides overall administration, management, support services and coordination of the Department's internal operations and related programs. The division budget includes the Director's office which consists of the Director, Deputy Director, Attorney, and Director's Secretary.

Central Management Division performs technical, fiscal, and administrative support functions in budgeting, accounting, purchasing, personnel, payroll, policy maintenance, system analysis, and computer support.

## GOALS

o Provide policy and procedures development and direction to the Department consistent with statute and the Governor's directives.

o Provide internal budgetary, accounting, purchasing, personnel, and system analysis support services in development, establishment, and maintenance of

## agency programs.

o Provide internal management support functions necessary to enable the Department to meet its statutory requirements to most effectively and efficiently deliver services to the agricultural industry.

o Provide administrative and operational supervision to the State Grain Laboratory Unit.

## AUTHORIZATION

Article XII, Section 1 of the Montana Constitution, provides for the Department of Agriculture.

Title 2, Chapter 15, part 30, establishes the Montana Department of Agriculture as provided in the Constitution.

Title 2, Section 4, Montana Administrative Procedures Act. Administrative Rules of Montana establishes and requires

preparation and maintenance of personnel policy, management and administration.

Montana Operations Manuals outlining direction on policy, accounting and personnel administration.

Title 80 defines the duties of the Department of Agriculture.

### BASE PROGRAM

The Central Management Division provides the policy, budgeting, purchasing, accounting, legislative, administrative, word processing, system analysis, legal, personnel, and public relations support for the Department of Agriculture. The purpose of the Central Management Division is to provide support services required to enable the effective and efficient internal operations of the Department. The objectives for each sub-activity are as follows:

The Director's Office performs policy development and maintenance for the Department. Through legal and administrative support this office provides administrative supervision of four divisions and eight bureaus with the objective of providing legislative mandated services as effectively and efficiently as possible within budget and operational parameters. This office represents the Governor on agricultural issues within policies and guidelines established by the Governor.

The Director's Office provides administrative and operational supervision to the State Grain Laboratory Unit. The State Grain Laboratory Unit provides official USDA-FGIS (Federal Grain Inspection Service) and state grain inspection and grading for the State of Montana.

The personnel function provides personnel support services in development and maintenance of the EEO/affirmative action plans, payroll, recruitment, training, union contract, and personnel policy management.

Budget support functions are provided through the coordination and development of base, proposed, and final program and agency budgets. Legislative budget support coordination is provided to the legislature with

administration of appropriations within statutory and audit requirements.

Accounting and purchasing support is provided for the entire Department by processing claims, requisitions, and purchase orders in a timely and accurate manner within administrative and accounting guidelines. Legislative audit review recommendations are incorporated and monitored to ensure program compliance.

System analysis and word processing support is provided to the Department to develop and maintain an efficient and effective computer system. The objective is to increase productivity while providing services to the agricultural industry in a more timely and economic manner.

### BASE FUNDING

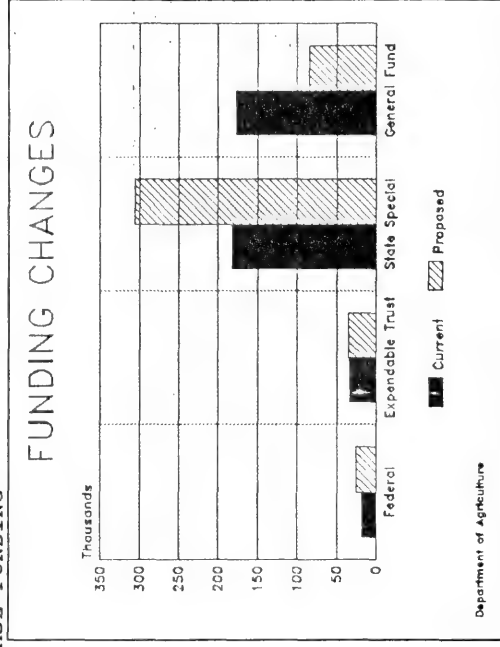


Figure 8

The division's funding is based on a formula calculating the indirect assessment charged various state special, federal, and expendable trust funds. The general fund is required to fund the portion of the budget not covered by these indirect cost assessments. The Director's Office and the Central Management Division is currently funded by 44% general fund, 43% state special, 5% federal, and 8% expendable trust funds.

Legislation is being proposed to self fund the pesticide and ground water programs. Pesticide licensing and registration fees will be placed in a state special revenue account. The state special revenue account would thereby be assessed indirect charges to assist in funding this division. If this legislative change occurs, the Director's Office and Central Management Division would potentially be funded by 19% general fund, 68% state special, 5% federal, and 8% expendable trust funds.

#### PERFORMANCE INDICATORS

Develop and maintain Department policies and operations manuals.

Provide coordinated support in maintaining and monitoring unit, division and agency operations and budgets.

Develop, recruit, and maintain personnel system for agency within state pay plan and classification system.

Maintain agency property control.

Provide payroll and benefit support services.

Plan, develop, analyze, maintain, and support data system.

Develop, update, and maintain agency Equal Employment Opportunity and Affirmative Action Plan and actions.

Provide legal support to the Department.

Process and maintain accurate accounts receivable and payable records. Maintain generally accepted accounting principles (GAAP) as measured by biennial audits.

Provide administrative and operational supervision to the State Grain Laboratory to provide cost efficient grain inspection and grading services.

# **Increases or Decreases from Base**

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services	Workers Compensation rate increase	814	817
Operating Expenses	Anticipate increase of Statewide Indirect costs due to increase of EPA federal funding.	615	489
Equipment	Minor decrease of equipment spending authority in order to keep total program increases to a minimum	160	375
Funding Switches	Potential General Fund Reduction:		

Legislation is being proposed to self fund the pesticide and groundwater programs. Funds will then be changed from general fund to a state special revenue account. The state special revenue account will then be assessed indirect charges consistent with other Department accounts to fund this division. If this legislative change occurs, the following indicates the potential funding switch of the Director's Office and Central Management Division.

Funding moved from General Fund to State Special Revenue:  
FY 92 \$110,626  
FY 93 \$112,706

## STATE GRAIN LABORATORY UNIT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	12.00	12.00	12.00	3.50	15.50	12.00	3.50	15.50
Personal Services	373,600.80	317,713	309,158	102,085	411,243	309,436	102,006	411,442
Operating Expenses	60,859.86	47,233	50,000	36,187	86,187	50,269	40,727	90,996
Equipment	41,959.78	19,076	19,076	20,424	39,500	19,076	-3,076	16,000
Total Agency Costs	<u>\$476,420.44</u>	<u>\$384,022</u>	<u>\$378,234</u>	<u>\$158,696</u>	<u>\$536,930</u>	<u>\$378,781</u>	<u>\$139,657</u>	<u>\$518,438</u>
State Special Revenue Fund	476,420.44	384,022	378,234	158,696	536,930	378,781	139,657	518,438
Total Funding Costs	<u>\$476,420.44</u>	<u>\$384,022</u>	<u>\$378,234</u>	<u>\$158,696</u>	<u>\$536,930</u>	<u>\$378,781</u>	<u>\$139,657</u>	<u>\$518,438</u>

## OVERVIEW

State Grain Inspection Laboratory, located in Great Falls, operates the only official USDA-FGIS state grain grading laboratory in the state of Montana. The laboratory unit is attached to the Director's Office, reporting to the Deputy Director, for administrative and operational supervision. The lab provides unbiased grain grading and analytical services to the state's grain industry.

## ACTIVITY

This activity has been divided into three categories:

- 1) Grain inspection
- 2) Commodity inspection
- 3) Specialty crop inspection

## GOALS

- o To provide requested services in a timely and effective manner to the grain industry.
- o To provide unbiased official grades, state grades, and protein testing.
- o To develop Montana standards for specialty crops.

## AUTHORIZATION

Aug. 11, 1916  
(39 Stat. 482)  
Pub. L. 64-190

United States Grain Standards Act  
designates official lab status.

Section 80-4-701  
through  
80-4-727 MCA

The Montana Commodities Act authorizes grain inspection and grading.

Section 80-4-301  
through  
80-4-313 MCA

**Commercial Mustard Standards Act and Merchandising.**

## Cooperative Agreement

USDA-FGIS monitoring of processed commodity inspection program.

## Grain Inspection

## BASE PROGRAM

Montana is a major wheat, barley and oat producing state. It ranks fourth in wheat production, third in barley production, and second for oat production in the nation.



Approximately 6.9 million acres of wheat, barley and oats are harvested annually in Montana with an approximate retail value of \$665 million. This provides a living for approximately 13,500 grain growers in Montana.

The primary purpose of grain grading and inspection is to provide, in a timely manner, unbiased grades, protein determinations, malting barley germinations, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

#### **BASE FUNDING**

The State Grain Laboratory Unit is self funded with fees for grain grading and inspection deposited into the state special revenue fund. The fees are based on costs to perform the grade and related tests requested by the producer.

#### **PERFORMANCE INDICATORS**

	FY90	FY91	FY92	FY93
Official grade	2,336	3,270	3,434	3,606
NIR protein	14,475	20,265	21,278	22,342
NIR protein, dry	6,659	7,769	8,157	8,565
Submitted grade	21,571	25,166	26,424	27,745
Malting analysis	4,068	4,746	4,983	5,232
Ineffectual factors	15,300	17,850	18,743	19,680
Priority service	16,537	19,262	20,225	21,236
Germination	1,373	1,602	1,682	1,766
Falling numbers	1,289	1,504	1,579	1,658
Variety ID	25	29	30	32

#### **Processed Commodity Inspection**

##### **BASE PROGRAM**

Wheat is processed into flour and beans are processed and bagged under USDA contracts. Processed commodities are utilized for low income, school lunch, institution, and export programs.

The primary purpose of processed commodity inspection is to provide assurance that the commodity meets all USDA-FGIS quality specifications.

#### **BASE FUNDING**

Fees for the processed commodity is funded through a cooperative agreement with USDA-FGIS and deposited in the state special revenue fund.

#### **PERFORMANCE INDICATORS**

	FY90	FY91	FY92	FY93
Peas and bean samples	39	45	47	49
Flour lots monitored	253	295	310	326
Flour hours	932	1,087	1,141	1,198

#### **Specialty Crop Inspection**

##### **BASE PROGRAM**

The primary purpose of specialty crop inspections is to provide unbiased grades for contract settlement and assist in developing Montana standards to promote crop expansion.

Extensive efforts have been made in developing crops and markets, and educating consumers and producers. Marketing of these products would be greatly hindered without appropriate methods and standards of measure.

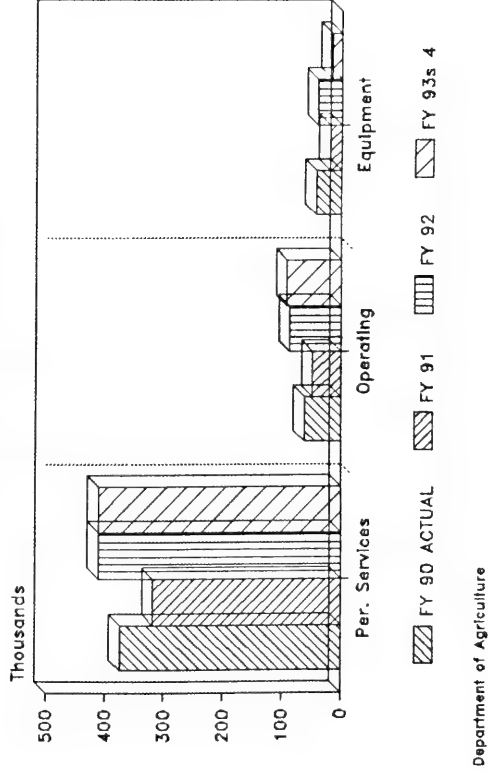
#### **BASE FUNDING**

Fees for specialty crop inspections are deposited into the state special revenue fund.

# PERFORMANCE INDICATORS

	FY 90	FY 91	FY 92	FY 93
Unofficial grade (mustard, canary, buckwheat, waxy barley)	283	1,000	1,500	2,000
Canola	0	283	500	800

## STATE GRAIN LABORATORY OPERATING COSTS



Department of Agriculture

# **Increases or Decreases from Base**

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base:			
Full Time Employee	The Department and Legislature anticipated the potential for the workload increase and included language in House Bill 100 for accommodation. The increased budget request transfers 1.50 excess FTE from other Department programs and provides an additional 2.00 FTE to total a 3.50 FTE increase in the lab.	3.50	3.50
Personal Services	Salaries and benefits for additional 3.50 FTE. Overtime - Based on FY 90 actual	\$ 56,385 45,700	\$ 56,306 45,700
Operating Expenses	Operating expenses are based on actual FY 90 costs and a projected workload and revenue increase of 10%	36,387	40,727
	Other major budget increases above FY 90 expenditures include:		
	<u>Item</u> <u>Annual Amount</u>		
	USDA official lab supervision fees \$ 2,056		
	Computer charges due to work load increases and automated grade and protein certification program 10,180		
	Replace office carpet, drapes and flooring 8,500		
	Steel siding for building in FY 93 12,000		
Equipment	Industry has requested the purchase of equipment to determine percentage of oil content in canola, flaxseed, sunflower, rapeseed, and safflower.	20,000	

# ENVIRONMENTAL MANAGEMENT DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	28.16	30.42	30.42	3.12	33.54	30.42	3.50	33.92
Personal Services	711,933.23	864,426	859,931	95,221	955,152	859,653	103,858	963,511
Operating Expenses	248,473.39	320,654	326,257	161,803	488,060	328,823	214,177	543,000
Equipment	58,440.82	91,967	40,467	155,533	196,000	40,467	89,561	130,028
Grants	1,088,050.00	1,283,285	1,283,881	-41,187	1,242,694	1,283,881	-38,305	1,245,576
Total Agency Costs	\$2,106,897.44	\$2,560,332	\$2,510,536	\$371,370	\$2,881,906	\$2,512,824	\$369,291	\$2,882,115
General Fund	613,804.53	762,498	707,989	-483,862	224,127	709,141	-631,375	77,766
State Special Revenue Fund	1,282,866.91	1,541,220	1,542,576	780,913	2,323,489	1,543,037	926,984	2,470,021
Federal Special Revenue Fund	210,226.00	256,614	259,071	74,319	334,290	260,646	73,682	334,328
Total Funding Costs	\$2,106,897.44	\$2,560,332	\$2,510,536	\$371,370	\$2,881,906	\$2,512,824	\$369,291	\$2,882,115

## OVERVIEW

The Environmental Management Program administers, manages, coordinates and evaluates the major activities of: (1) Pesticide and Pest Management, (2) Laboratory Services (analytical), (3) Weed Management, (4) Ground Water Management (Agricultural Chemical) and (5) Vertebrate Pest Management. These programs incorporate the following elements: licensing pesticide products and pesticide users and sellers; providing technical and educational information on pesticides and pest management; issuing noxious weed grants; prevention or remediation of agricultural chemicals that may effect ground water; providing laboratory analytical services; recommending vertebrate pest management techniques; and enforcing compliance with the pesticide and agricultural chemical ground water act requirements and related program functions.

These five program activities are further delineated in this document. Control variable CV30100 "Administration" while assigned for budgeting purposes to the Pesticide and Pest Management Program activity; it provides

administration for all five major activities assigned to the division.

The department has developed several major modifications to the Environmental Management Division (EMD) budgets. These modifications include: reducing the general fund support for the pesticide and ground water programs; increasing registration fees and supporting these two programs with special revenue funds; and assigning the noxious weed program to EMD from the Agricultural Development Division. The following figures depict these modifications to the EMD budget.

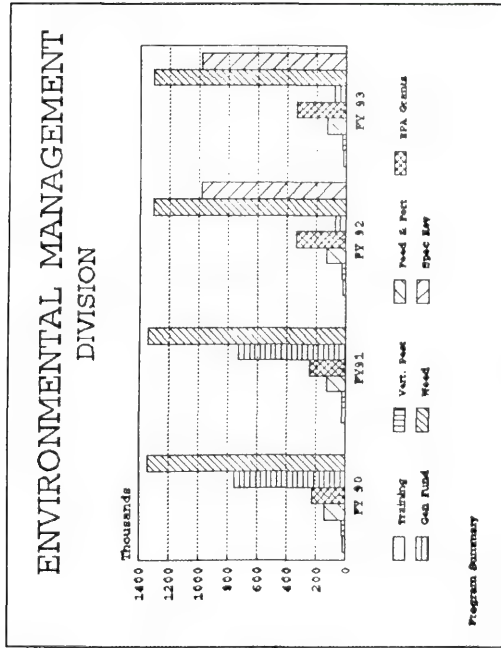


Figure 10

This figure depicts the addition of the noxious weed program, the conversion of general funds (FY 90-91) to special revenue funds (FY 92-93) to support the pesticide and ground water programs, and an increase in EPA grant funds and continuation of other special revenue funds.

Figures 11 and 12 specifically illustrate the conversion of program funding for the pesticide and ground water programs from general funds to special revenue funds. Figure 11 depicts a decrease in the pesticide program, however, because pesticide funds have been used since 1984 to support a minimal pesticide ground water program and now that a specific program for ground water has been

established, the budget reflects all pesticide program elements other than ground water. Figure 12 illustrates the funding for administration of the 1991 Agricultural Chemical Ground Water Act through increased pesticide registration fees.

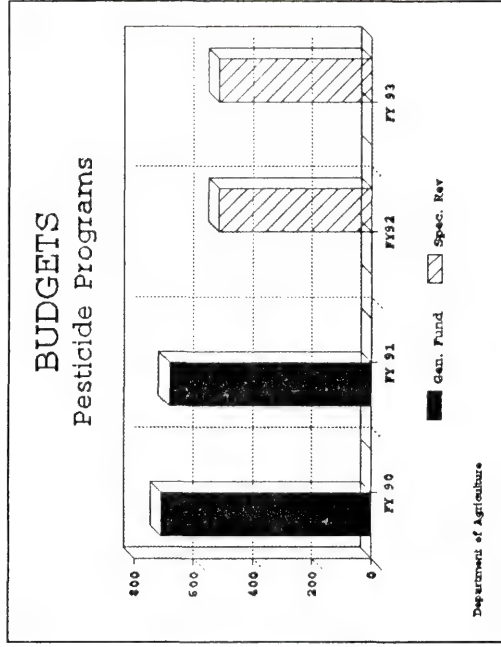


Figure 11

The proposed changes in funding of the pesticide and ground water programs, (reallocation of current level personnel and operational funds between these programs; use of new proposed revenues, increased revenues from registration and licensing fees, conversion from general to special revenue funds; proposed funding increases for these two programs), makes it difficult to specifically track the change in

proposed funding levels within the EMD programs (Pesticide and Pest Management, Laboratory Services Program and the Ground Water Program) and between control variables.

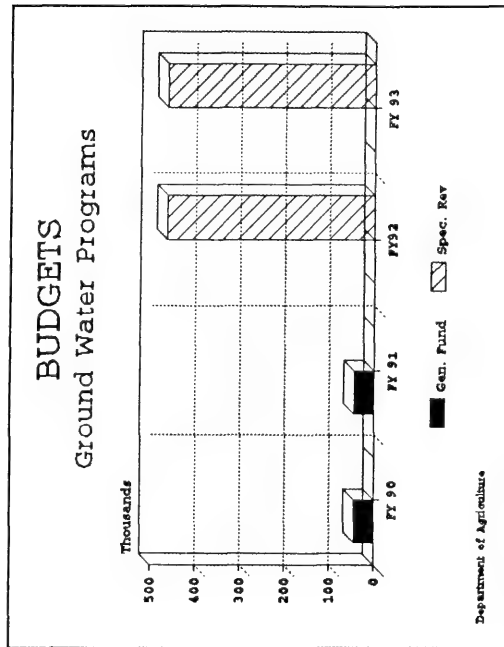


Figure 12

# VERTEBRATE PEST MANAGEMENT PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	0.00	600	600	0	600	600	0	600
Operating Expenses	505.43	6,912	6,960	12	6,972	7,002	6	7,008
Grants	0.00	17,081	17,081	0	17,081	17,081	0	17,081
Total Agency Costs	\$505.43	\$24,593	\$24,641	\$12	\$24,653	\$24,683	\$6	\$24,689
State Special Revenue Fund	505.43	24,593	24,641	12	24,653	24,683	6	24,689
Total Funding Costs	\$505.43	\$24,593	\$24,641	\$12	\$24,653	\$24,683	\$6	\$24,689

## GOALS

CV30033 Vertebrate Pest Management (VPM)  
Technical Service Bureau

- \* Issue grants or contract with individuals, universities, other states, state or federal agencies, or other entities considered appropriate to conduct vertebrate pest management projects.
- \* Support development of registration data on rodenticides required by EPA.
- \* Support vertebrate pest management research and evaluation projects.
- \* Educate farmers and ranchers and the general public regarding vertebrate pest management.

## AUTHORIZATION

80-7-1101 et seq, MCA Vertebrate Pest Management Act. Authorizes the department to impose a surcharge of 5 cents per dollar on the retail sales price of all rodenticides registered for field rodent control in the state. Allows

for the establishment of a vertebrate pest management advisory council who provide advise to the department on the disbursement of the rodenticide surcharge funds.

## BASE PROGRAM

The Vertebrate Pest Management Act imposes a 5% surcharge on the retail sale of all rodenticide registered for field rodent control in the state. The monies collected are used for maintaining rodenticide registrations and to support rodenticide research and educational programs. In terms of dollars and amount used, the strychnine grain baits were by far the most heavily used product in the state. A court order from the 9th District Court in 1988 temporarily suspended all above ground uses of strychnine. This court order is still in effect and as a result strychnine products cannot be used (or sold) to control ground squirrels and prairie dogs. It may still be used underground to control pocket gophers. The use of strychnine has declined dramatically. Current projections for surcharge monies generated in 1989 are estimated at \$1500-\$1600. This is a reduction from the estimated \$25,000 revenue projection when the surcharge was enacted by the 1987 Legislature. Obviously the ability to fund any



significant projects has been severely curtailed. The department has conducted research with USDA and anticipates continuation of research at a reduced level. The purpose of the research is to collect EPA required pesticide registration data.

#### BASE FUNDING

There are no positions funded by this program. \$600 is provided by personal services to pay for the per diem of advisory council members. The funding is State Special Funds.

PERFORMANCE INDICATORS				
	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Rodenticide Research	1	1	1	1
Vertebrate Pest/Pesticide Education				
Farmer/Rancher	20	25	25	25
Commercial, Government	4	5	5	5

# **PESTICIDE AND PEST MANAGEMENT PROGRAM**

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993		Recommended	Recommended
			Base	Incr/Decr	Base	Incr/Decr		
Full Time Equivalent Employees	17.25	18.00	18.00	1.18	19.18	1.25		19.25
Personal Services	462,137.33	524,780	519,926	41,840	561,766	42,938		562,715
Operating Expenses	124,121.95	149,963	154,137	21,186	175,323	31,650		188,120
Equipment	34,559.67	12,615	12,615	-28	12,587	-7,445		
Total Agency Costs	\$620,818.95	\$687,358	\$686,678	\$62,998	\$749,676	\$67,143		\$756,005
General Fund	517,638.10	570,491	565,899	-338,821	207,078	-458,783		108,307
State Special Revenue Fund	10,922.59	15,439	15,416	412,373	427,789	517,437		532,851
Federal Special Revenue Fund	92,258.26	101,428	105,363	9,446	114,809	8,489		114,847
Total Funding Costs	\$620,818.95	\$687,358	\$686,678	\$62,998	\$749,676	\$67,143		\$756,005

## **GOALS - Pesticide and Pest Management Programs (PPMP)** Administration

- \* To ensure efficient and effective management of the department's programs assigned to the Environmental Management Division.
- \* Additional goals for the PPMP are outlined in the Field Services Bureau and Technical services Bureau goal definition areas that follow.

## **AUTHORIZATION**

The specific statutes the administrative unit is responsible for are set forth within each of the five Environmental Management program activities. These statutes are: 80-8-101 et seq, MCA; 80-7-801 et seq, MCA; 80-7-501 et seq, MCA; 80-7-701 et seq, MCA; 80-7-1101 et seq, MCA; 75-1-101 et seq, MCA; and 7 U.S.C. 121 et seq.

## **BASE PROGRAM**

The administrative unit of the Environmental Management Division is responsible for the development, implementation

and evaluation of the authorized division budgets. This unit monitors annual budgets to ensure proper and approved expenditures.

The administrative unit is responsible for personnel management to ensure that state, department, and division policies are consistently and uniformly administered.

This unit directs and monitors three bureaus to ensure that the goals, objectives and special projects are accomplished in a timely manner and in compliance with state laws and department policies.

The administrative unit provides direction and advice on controversial issues and special problems with the regulated industry, agricultural groups and associations, and the public. The administrative unit recommends to and implements for the director compliance and enforcement actions for pesticides and agricultural chemicals in ground water.

The administrative unit staff provides support to the division's staff by: preparing documents, correspondence, grants and reports; maintaining division personnel files, time and attendance reports for payroll; coding division bills and reconciling them with SBAS; purchasing and inventorying supplies and equipment; maintaining a variety

of files; directing public inquiries to division personnel; typing staff correspondence and reports; and providing receptionist duties.

#### **BASE FUNDING**

The administrator and 2 secretarial/clerical positions are funded by the general fund.

#### **PERFORMANCE INDICATORS**

Monitors and evaluates performance indicators for the five major division program activities.

Resolves issues related to problems in accomplishing the program indicators.

#### **GOALS**

- CV30200 PPMP Field Services Bureau
  - \* Protect agricultural crops and commodities, human health and the environment by ensuring that pesticide use and sales are in compliance with applicable statutes (FIFRA, MPA and Ground Water) and rules.
  - \* Investigate and provide remedial assistance and compliance standards at sites of pesticide incidents and spills to reduce impacts on agriculture, environment and human health.
  - \* Ensure pesticides are sold and used by trained and qualified persons by assisting in training courses and in the preparation of educational materials and examinations.

#### **AUTHORIZATION**

7 U.S.C. 121 et seq. Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). FIFRA, as amended, provides for the registration and classification of pesticides under the authority of the Environmental Protection

Agency. Provides for the certification of pesticide applicators to use restricted use pesticides and grants the states certain regulatory authority. Establishes penalties for the misuse of pesticides.

80-8-101 et seq, MCA Montana Pesticides Act. Provides for the registration and classification of pesticides under the authority of the Department of Agriculture. Provides for the licensing and training of pesticide applicators and dealers. Establishes enforcement authority and penalties for the improper use and sale of pesticides.

80-15-101 et seq, MCA Montana Agricultural Chemical Ground Water Protection Act. Authorizes the department to develop agricultural chemical ground water management plans. The plans must meet the objectives of preventing ground water impairment, minimizing the presence of agricultural chemicals in ground water and protecting present and future beneficial uses of ground water. Establishes enforcement authority and penalties ensure compliance with the requirements of the act.

#### **BASE PROGRAM**

The primary responsibility of this bureau is to conduct pesticide compliance and enforcement activities. Routine inspections and investigations of discovered, or reported, cases of pesticide misuse or noncompliance are conducted. The bureau investigates pesticide incidents and spills and provides on-site coordination, technical assistance and remedial actions. It participates in pesticide applicator and dealer training by presenting and explaining applicable statutes and rules, and assists in development of pesticide educational and testing materials. Assistance is provided to the general public on legal and safe use of pesticides, applicator and dealer licensing requirements and procedures, and pest control.

The bureau is composed of a Helena-based bureau chief and five pesticide specialists located in field offices at Billings, Bozeman, Glasgow, Great Falls, and Missoula who

are responsible for compliance and enforcement activities within an assigned district.

Compliance activities are conducted according to written quality control standards that describe inspection and investigation procedures, rules for evidence gathering, sampling methodology, inspector safety, minor violations, case preparation and resolution, and other related procedures.

### Pesticide Inspections

District specialists inspect licensed commercial and government pesticide applicators, pesticide dealers, and pesticide producing establishments. Inspections of licensed applicators and dealers are accomplished on a four to five year cycle. Major pesticide producing establishments are inspected every two to three years. The small establishments are inspected periodically. If individual problems are noted, inspections are conducted more frequently. Permitted farm applicators (private) are not routinely inspected except for farm applicators applying restricted aquatic herbicides, M-44 cyanide devices, 1080 livestock protection collars, and for special problems.

Inspections of applicators are categorized into agricultural, non-agricultural, experimental, and record keeping inspections for tracking purposes. Records inspections are a separate activity to check applicator and dealer records that are required by federal and state regulations. The time factors involved for the various types of applicator inspections are 20 hours per agricultural inspection, 15 hours per non-agricultural or experimental inspection, and 5 hours per record inspection. Bureau staffing allows for applicator inspections on a four to five year cycle.

The purpose of routine applicator inspections is to determine compliance in areas of pesticide applications, storage, disposal, licensing, equipment operations, safety clothing and equipment, and site contamination. A number of locations have been found to contain residues in soil that exceed safe levels and in several instances pesticides have been found in ground water. More extensive site evaluations have increased the time and resources needed

for sampling, in depth reviews of operations, technical assistance, and additional enforcement/remedial actions to correct problems. FY 92 and FY 93 base performance indicators may be optimistic if further site evaluations require extensive sampling or remedial actions.

Dealer inspections serve to determine the dealer licensing, storage, display and records compliance. Inspection also ensure pesticides being sold to the public are registered, and that restricted-use pesticides are being sold only to certified persons. Retailer inspections are conducted to check the registrations of pesticides and the display and storage of pesticides. The time factor allowed for dealer and dealer records inspections is 5 hours each. Base FY 92 and 93 performance indicators provide for inspections on a 4 to 5 year cycle with current staffing.

In 1988, Montana had 28 establishments registered with the Environmental Protection Agency for production of pesticides, under the State-EPA Cooperative Agreement. The bureau inspects these establishments to check registrations, labels, record keeping, site contamination, disposal, storage, and to sample products being manufactured. In 1989 the number of producers who were repackaging pesticides from bulk containers into smaller containers increased to almost 100. This number will probably double in the near future. Base FY 92 and 93 performance indicators reflect the need to increase the inspection efforts in this area. The time factor for a producer establishment inspection is 15 hours.

### Pesticide Investigations

The bureau conducts investigations of alleged pesticide misuse or incidents in response to citizen complaints, agency referrals, and discovery of problems during inspections. The majority of investigations deal with reported damage to humans, crops, environment, wildlife or livestock caused by misuse of pesticides. Additional reasons for investigations include pesticide spills, improper safety equipment, improper disposal, site contamination, adulterated pesticides, and licensing problems. Investigations occupy the majority of staff time during the use season which occurs from mid-April through September.

The number of pesticide investigations is anticipated to stay relatively constant at about 100 per fiscal year, an increase from previous years. This increase is due to more non-ag investigations which is attributed to urban awareness of pesticide use and the growth of the lawn care business in Montana.

The bureau places a priority on responding to complaints of pesticide misuse and collects evidence to determine the validity of the allegations. The time factor allowed for each investigation is 20 hours. This factor is being reviewed by the states and EPA and will probably be revised to about 35 hours per investigation. The complexity of investigations and the time to gather proper evidence has increased.

Each year about two "major cases" are expected. These special investigations usually involve major pesticide damage to agricultural commodities, ground water contamination, and/or exposure of people to pesticides. These major investigations require about 400 hours each.

#### **Pesticide Sampling**

Pesticide specialists collect about 40 samples of formulated pesticide end-use products yearly to check that ingredients meet label claims. A very low incidence of adulteration has been found yearly (2-5%). With the increase of bulk repackaging in Montana there is a need to continue this effort at current levels.

Pesticide residue samples are also collected, usually in conjunction with pesticide damage investigations. "Service samples" are collected yearly to provide assistance to farmers who have questions regarding soil residues, water contamination, etc. FY 92-93 indicators are projected for the number of expected routine and major pesticide investigations.

#### **Enforcement Actions**

When pesticide violations are documented by inspections or investigations, appropriate actions are implemented. The action is based upon the severity of the violation, the amount of damage caused, applicator or dealer past history of compliance, and other related factors. The bureau is

updating an enforcement response policy that describes a timely and objective method for responding to and resolving violations.

Generally, first time violators receive a notice of violation for minor violations and are reinspected to determine compliance. Licensing and misuse violations resulting in harm may be assessed a civil penalty depending upon the extent of harm and the amount of care exercised by the applicator. Notices of violation for minor violations such as incomplete records can be issued in the field by pesticide specialists.

License suspensions and temporary revocations are used as a compliance tool in major cases. For example, licenses have been suspended until applicators agree to improve operating practices or attend special training. Only in extremely flagrant cases where the department feels the public is at risk will applicator or dealer licenses be revoked.

Embargo or stop sales are placed on pesticide products found to be adulterated or not registered with the state or EPA. These usually remain in place until registration is accomplished or until an agreement is reached with responsible parties for disposition of adulterated products.

The pesticides act allows the department to issue orders in emergencies. This authority has been used at sites where ground water has been contaminated, where pesticides or containers were improperly disposed or abandoned, and similar situations.

Pesticide specialists also administer about 400 applicator and dealer tests per year, because the field offices are conveniently located. The bureau also assists in updating training manuals and tests.

#### **Public Assistance**

The field office staff receive numerous requests for assistance with licensing and recertification procedures, pesticide use and pest control.



## Applicator/Dealer Training

Bureau staff participate as speakers at training courses for pesticide applicators and dealers. The activity provides an opportunity to educate the regulated community on pesticide laws and rules.

## BASE FUNDING

The bureau chief and three pesticide specialists are funded by general funds. Two pesticide specialist positions are funded with 57 % general funds and 43 % federal funds.

Participation in Courses	50	40	40	40
Tests Administered	400	400	400	400
Update - Study Manuals	1	1	1	1
Update - Pesticide Tests	2	2	2	2
<u>Public Assistance</u>				
License/Recertification	500	500	500	500
Pesticide Use/Pest Control	300	300	300	300

<sup>1</sup> Indicators were not enacted for FY 91.

## GOALS

CV30400 PPHP Technical Service Bureau

- \* Register federally registered pesticide products for use in Montana and register products for special local needs and emergency pest problems.
- \* Provide pesticide training and educational material for initial licensing, certification, and recertification for commercial, government and farm applicators in Montana.
- \* License and certify qualified individuals to use general and restricted use pesticides in Montana.
- \* Provide appropriate training manuals for all categories of pesticide applicators and dealers in Montana.
- \* Provide training and field demonstrations for vertebrate pest applicators in Montana.
- \* Conduct surveys of weed, insect and rodent populations in Montana.
- \* Develop and implement the new EPA initiatives on endangered species, worker protection, disposal of pesticides and containers, and groundwater.

## PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<u>Pesticide Inspections</u>				
Agricultural Applicators	150	175	160	160
Non-Ag Applicators	80	110	70	70
Experimental Applications	6	5	5	5
Pesticide Dealers	170	200	120	120
Producer Establishments	10	10	20	20
Applicator Records	200	230	200	200
Dealer Records	170	220	120	120
<u>Pesticide Investigations</u>				
Ag Complaints/Misuse	65	39	55	55
Non-Ag Complaints/Misuse	40	24	45	45
Major Investigations	2	2	2	2
<u>Pesticide Samples</u>				
Residue (soil, water, etc.)	205	270	250	250
Formulation Products	46	45	40	40
<u>Enforcement Actions</u>				
Civil Penalties Issued	10	10	11	12
License Suspension/Revocation	5	4	4	4
Violation Notices Issued	70	70	5	0
Product Embargo/Stop Sale	5	5	5	5
Remedial Plans/Cleanup Orders	2	2	2	2

Applicator/Dealer Training <sup>1</sup>

## **AUTHORIZATION**

7 U.S.C. 121 et seq. Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). FIFRA provides for the registration and classification of pesticides under the authority of the Environmental Protection Agency. Provides for the certification of pesticide applicators to use restricted use pesticides and grants the states certain regulatory authority. Establishes penalties for the misuse of pesticides.

80-8-101 et seq, MCA Montana Pesticide Act. Provides for the registration and classification of pesticides under the authority of the Department of Agriculture. Provides for the licensing and training of pesticide applicators and dealers. Establishes enforcement authority and penalties for the improper use and sale of pesticides.

80-7-1101 et seq, MCA Vertebrate Pest Management Act. Authorizes the department to establish and operate organized and systematic programs for the management and suppression of vertebrate pests.

80-7-501 et seq, MCA Crop Insect Detection and Management Act. Authorizes the department to develop and publish a list of pesticides approved for control of insects and to publish technical guidelines on techniques of controlling insects. Authorizes the department to notify a county of it's survey results and state whether an insect infestation is normal or serious. Authorizes the department to review and comment on all county agricultural insect pest management plans.

80-7-701 et seq, MCA Weed Control Act. The department is authorized to provide technical assistance and service to local governments, agricultural producers, and the general public on the management and control of noxious plants.

75-1-101 et seq, MCA Montana Environmental Policy Act. Requires environmental assessments and/or environmental impact statements on major state actions which may significantly affect the quality of the human environment.

## **BASE PROGRAM**

### Pesticide Registration

All pesticide products registered by the federal government must be registered annually in Montana when requested by the registrant. This involves approximately 4700-4900 products. An annual certificate of registration is issued to the registrant and all pertinent information on the product is filed (pesticide label and labeling, material safety data sheets). Products for special local needs and products for emergency pest problems (emergency exceptions) are registered for new, special or emergency pest problems. Issuance of these types of registrations (12-15) is very time consuming and usually occurs in late winter and spring each year.

### Licensing, Applicators and Dealers

All commercial and government pesticide applicators and dealers are licensed each year, concurrent with the registration of pesticide products. Farm applicators are licensed on a 5 year basis; however, the state is divided into 5 licensing districts, so one district is relicensed each year. The number of farm applicators varies from 500 - 2000 per district.

### Certification and Recertification Training

Initial certification training for new commercial and government pesticides applicators is offered once per year. This is a 16 hour training course involving 6-7 staff members plus several extension specialists and paid consultants. Examinations are given at the conclusion of the training session. This training is typically attended by 80-90 persons. A training fee is charged to cover conference room rental, refreshments and travel costs for special instructors.



Recertification training (6 hours) is offered each spring (February) or fall (October) every year. Each applicant category (15 categories including dealers) will receive training at least every other year. A training fee is charged to cover the aforementioned costs. Depending on the size of the categories involved, 4 to 6 training sessions are offered at various locations around the state on an annual basis. Depending on the size of the category, 35-125 persons attend each session.

The Montana State University Extension Service is responsible for providing certification and recertification training for farm applicators. Six hours of recertification training is required for farm applicators within the five year recertification period. Since one district is recertified each year, approximately 1500 farm applicators require recertification annually. The department assists with this effort, usually providing 1-2 people for each recertification training session.

Initial certification and recertification may be accomplished by examination which is optional to training; therefore manuals must be available which contain all the relevant information required by federal and state law. The department has written fifteen of these manuals and updates them periodically to reflect changes in laws and rules, changes in farming practices, new and/or modified uses of pesticides, new application techniques and changing environmental concerns. Applicants requesting manuals are charged a fee that pays for the actual cost of printing the manuals. The department also approves pesticide training for licensing or certification sponsored by industry and agricultural associations (27-40 yearly).

### Pest Monitoring

The department assists producers and the public by providing technical and educational training and demonstration programs on vertebrate pests and their control using pesticides and other control techniques.

The department may assist producers, counties and the general public on weed and insect problems by monitoring developing populations. Technical and educational information may be provided on a one-to-one basis or to groups depending on the pest involved and the economic

impact to individual producers as well as to the state as a whole.

Pest monitoring requires frequent field sampling during the spring and summer. When significant pest populations are detected, information on control methods available are provided to those affected. Pest treatment monitoring may be required and efficacy of the treatment method may be assessed. This may require additional sampling and, at times, analyses of environmental parameters may be necessary (i.e., soil, water, vegetation).

### New EPA Program Initiatives

The department will be implementing new pesticide initiatives for worker protection, endangered species and disposal and storage of pesticides. Identification of the segments of the pesticide user community that will be affected by the new initiatives will be the primary activity in FY 91. Development of a specific program in each area will occur after EPA finalizes the regulations in each of the aforementioned areas. Implementation of the programs will begin in FY 91 and continue into FY 92 and 93. These activities will require one FTE plus sufficient operational monies.

During FY 91 a plan for ground water protection was issued to the states as part of the 1990 EPA Grant Guidance Package. The ground water initiative is discussed in the ground water activity section.

### BASE FUNDING

The bureau chief, six specialists and one clerical position are funded by general funds. A pesticide specialist position is funded by 50% general funds and 50% federal funds.

# **PERFORMANCE INDICATORS**

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<u>Licenses Issued</u>				
Farm Applicators *	2400	2000	1500	500
Dealers	500	475	450	450
Commercial Applicators	730	720	700	700
Noncommercial Applicators	42	40	40	40
Government Applicators	620	620	600	575
Operators	1070	1070	1050	1050
Pesticide products registered	4877	4800	4700	4700
<u>Pesticide products registered for Special Local Needs (24C) or Emergency Exemption (Section 18)</u>	14	15	15	15
<u>Initial pesticide training for commercial and government applicators and dealers</u>	100	90	80	80
<u>Recertification training for commercial and government applicators and dealers (difference based upon category numbers)</u>	350	550	1000	595
<u>Training sessions approved</u>				
- Private	38	35	35	35
- Commercial	27	30	30	30
<u>Training sessions participated in or monitored by staff</u>				
- Private	80	60	50	59
- Commercial	93	80	70	70
<u>Update or revise pesticide training manuals and/or bulletins</u>				
- Manuals	4	3	2	2
- Technical bulletins and reports	10	4	4-5	4-5

Provide technical assistance to agriculture community and general public on pesticides and pest management \*\* 1800 2000 2000 2000

Pest Surveys --- as needed---

\*Total farm applicators - 8,000.

\*\* (counted as an individual if consulted as an individual or counted as a group if consulted in this fashion.)

# Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
------	-------------	-------------	-------------

## Changes in base:

### Full Time Employees

The department proposes the addition of a pesticide specialist III, a chemist IV and the conversion of a 1/2 time clerk typist III to a full FTE. These positions are funded by pesticide special revenues, EPA grant funds and Ground Water special revenues. These positions are needed to assist in handling: complex pesticide investigations and cases; requests for special investigations; and sampling and analysis of pesticide samples all of which have increased. The full clerk typist III position is needed to handle the increase in sample result reports and related correspondence.

41,840	42,938
--------	--------

### Personal Services.

Salary and benefits for additional 1.18 and 1.25 FTE in FY 92-93 and increase of workers compensation rates for all pesticide based employees.

21,186	31,650
--------	--------

### Operations

Increase involves a \$31,115 and \$32,200 FY 92-93 contract to MSU to implement an education program for pesticide retailers and home owners on use of pesticides in urban areas. The other expenses are for the pesticide specialist field activities and for the analytical supplies and operations costs associated with the increase in samples and their complexity of analysis.

### Equipment

The decrease in equipment purchases is primarily related to not requesting additional computer and office equipment.

- 28	- 7,445
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### Funding Changes

In combination the pesticide and ground water programs will result in an overall Division funding change of \$483,862 92 and \$631,375 in FY 93 from general fund to state special revenue. (Reference pages 17 through 19.)

## LABORATORY SERVICES PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Dscr	Base	Incr/Dscr
					Recommended	Recommended
Full Time Equivalent Employees	8.50	8.50	8.50	.00	8.50	8.50
Personal Services	206,666.61	238,425	239,113	529	239,642	239,519
Operating Expenses	77,683.52	80,110	81,005	-16,499	64,506	66,504
Equipment	11,927.15	78,650	27,150	24,550	51,700	45,300
Total Agency Costs	\$296,277.28	\$397,185	\$347,268	\$0,580	\$355,848	\$351,323
General Fund	60,911.30	123,819	73,902	14,393	88,295	85,835
State Special Revenue Fund	118,638.45	139,980	139,980	-9,008	130,072	128,007
Federal Special Revenue Fund	116,727.53	133,386	133,386	4,095	137,481	137,481
Total Funding Costs	\$296,277.28	\$397,185	\$347,268	\$0,580	\$355,848	\$351,323

## GOALS

CV30300 and CV30009 Laboratory Services

- |   |   |   |
|---|---|---|
| * Serve agriculture and the environment by providing reliable, economical and timely analytical results.                                    | * | Improve analytical capabilities for the analysis of drugs, antibiotics, vitamins and other additives in commercial feeds.   |
| * Maintain the cooperative MDA and AES laboratory agreement.  | * | Establish and maintain analytical capability for the analysis of toxic components in feed and fertilizer.   |
| * Conduct pesticide formulation and residue sample analyses for the pesticide enforcement and technical services program.                   | * | Establish and make available analytical capabilities to monitor raw agricultural products for pesticide residues and natural toxicants in food and raw agricultural products.           |
| * Establish and conduct a comprehensive laboratory program for the purpose of analyzing for agricultural chemicals in ground water.         | * | Provide consultation to farmers, ranchers, researchers and agricultural businesses on nutritional and toxic substances in feed, fertilizer, soils, water, plants and related materials. |
| * Develop or adapt new analytical methods and techniques for new generation pesticides in soil, vegetation and other environmental samples. |   |   |

## AUTHORIZATION

80-8-101 et seq, MCA Montana Pesticide Act. Provides for the registration and classification of pesticides in Montana under the authority of the Department of Agriculture. Provides for the licensing and training of pesticide applicators and dealers. Establishes enforcement authority and penalties for the misuse of pesticides.

80-9-101 et seq, MCA Montana Commercial Feeds Act. Provides for the proper labeling of commercial feeds, authorizes sampling and analyses of feeds for misbranding or adulteration, inspections and enforcement of the provisions of the act by the department. The Plant Industry Division administers this act, the laboratory provides analytical services.

80-10-101 et seq, MCA Montana Commercial Fertilizer Act. Provides for the registration of fertilizers, licensing of dealers, proper labeling of fertilizers, sampling and analyses of fertilizers for misbranding and adulteration, inspections and enforcement of the provisions of the act by the department. The Plant Industry Division administers this act, the laboratory provides analytical services.

80-15-101 et seq, MCA Agricultural Chemical Ground Water Protection Act. Authorizes the department to develop agricultural chemical ground water management plans. The plans must meet the objectives of preventing ground water impairment, minimizing the presence of agricultural chemicals in ground water and protecting present and future beneficial uses of ground water. Authorizes the department to adopt appropriate rules to ensure compliance with the requirements of the act.

7 U.S. C. 121 et seq. Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA as amended provides for the registration and classification of pesticides under the authority of the Environmental Protection Agency. Provides for the certification of pesticide applicators to use restricted use pesticides and grants the states certain regulatory authority. Establishes penalties for the misuse of pesticides.

## BASE PROGRAM

The Analytical Laboratory located on the Montana State University (MSU) campus, is jointly operated by the Environmental Management Division (EMD) of the Department of Agriculture (DOA) and the Agricultural Experiment Station (AES). The Cooperative Agreement on the Operation of the Analytical Laboratory between AES and DOA establishes the responsibilities, duties, procedures and policies for operation and maintenance of the laboratory. The operation of the laboratory is beneficial to both agencies for economic and efficiency reasons. Laboratory costs are minimized by sharing chemists, technical and clerical personnel, laboratory space and expensive laboratory instruments and equipment while maintaining a quality laboratory. The laboratory serves almost all aspects of the agriculture and livestock industry. The AES provides the facility and basic utilities while DOA provides the manager. The laboratory's function for EMD is primarily regulatory and investigative--the laboratory's function for AES is to provide analytical services. DOA utilizes the laboratory to assist in administering the feed, fertilizer, pesticide and agricultural chemical ground water laws and related projects. AES utilizes the laboratory to serve researchers, farmers, ranchers, state and federal agencies and other agricultural interests. The AES laboratory enters into short and long-term contracts to perform analytical services to researchers of the Montana University System, state agencies such as the Diagnostic Laboratory of the Department of Livestock, Department of Health and Environmental Sciences, Department of Fish, Wildlife and Parks and other state and federal agencies. To support the AES activities of the laboratory, a fee per sample analysis is charged and a designated fund has been established by AES. This fund is part of the AES budget, therefore, it is not addressed in this narrative.

The laboratory is managed as a single unit by the laboratory manager, who directs laboratory operations for both agencies under the guidelines of the agreement and directives of each agency. The laboratory manager is responsible for supervision of personnel employed by both agencies. The organizational chart of laboratory programs is shown in Attachment 1.



## Pesticide Analyses

The primary objective of this laboratory activity is to support both the state and federal pesticide laws by providing reliability and accurate analytical results and technical chemical recommendations. These activities are supported with cooperative grants from EPA. The general fund of the state supports 2.75 FTE and EPA funds 2.5 FTE's. EPA also supports 1.0 FTE for Special Pesticide Analytical Services to EPA and other states. Official samples are submitted to the laboratory by the Field and Technical Services Bureau of EMD and completed analytical results are submitted to EMD in Helena for enforcement and technical action.

The laboratory analyzes the amount of active ingredient in pesticides against the claim on the product label and screens these samples for cross contamination from other pesticides. Residue samples are collected because of complaints or discovery of misuse and/or other circumstances; monitoring programs for pesticide residues in raw agricultural products; or monitoring for pesticides in soil, water, air, and other media. There are hundreds of pesticide active ingredients which are formulated into thousands of different pesticide products. For this reason, the laboratory has developed analytical capabilities to analyze a wide variety of chemicals.

The analyses requested of the laboratory are complex and require specialized equipment and expertise. Each type of pesticide requires a different analytical method and technique. For formulated products, the laboratory must process pesticides with a high percentage of active ingredient; while residue samples, such as vegetation or soil, the laboratory analyzes pesticides in parts per million or parts per billion. In order to prevent cross contamination between formulation and residue samples, the laboratory maintains separate operating space, equipment and instruments for the analysis of each type of sample. The current EPA average time-allocation for formulation analysis is 11 hours per sample and for residue samples it is 25 hours per laboratory sample.

Due to the mandate for accurate, reliable and defensible results the analytical process requires a very rigorous and comprehensive Quality Control Program. EPA performs, at

regular intervals, technical audits of the laboratory's chain of custody, record keeping, analytical methods, calibration of instruments, accuracy and precision of analytical methods and other quality control components. To date the laboratory has received an excellent rating from EPA.

The laboratory is in the process of setting up a new Gas Chromatograph/Mass Spectrometer (GC/MS). This highly sophisticated equipment will be used for the purpose of confirmation of pesticide residues in various types of samples. Furthermore, it will be beneficial for analyzing new generation compounds, including herbicides, in agricultural products as well as environmental samples.

## Feed and Fertilizer Analyses

The primary objective of this laboratory activity is to support the Montana Feed and Fertilizer laws by generating reliable analytical data on official samples. These laws are administered by the department's Plant Industry Division (PID). Official feed and fertilizer samples are received in the laboratory for analysis and the analytical data is reported by the laboratory directly to PID in Helena. At times there are special analytical projects for this program in cooperation with the Food and Drug Administration or USDA.

The laboratory analyzes the amount of feed or fertilizer components against the claim on the product label. Commercial feeds and fertilizers are complex mixtures of natural and man-made products. In addition to nutritional and elemental components, commercial feed may contain vitamins, drugs, antibiotics, and other additives.

The laboratory maintains separate analytical space, equipment and instruments for the analysis of feed and fertilizer samples in order to prevent cross contamination with other feed and fertilizer samples and pesticide samples. The average time-allocation for feed and fertilizer samples varies a great deal depending on the type of analysis. Routine analysis such as crude protein in feed requires an estimated 1.5 hours while a complex analysis for sulfamethazine in feed requires about 20 hours per sample. In the case of fertilizers time-allocation

varies based on the type of analysis. Nitrogen requires an estimated 1.5 hours per sample while sulfur requires about 10 hours per sample for analysis.

The laboratory is in the process of improving its analytical capabilities for the analysis of drugs and antibiotics in commercial feed. As new drugs and antibiotics are utilized in the livestock industry better analytical techniques will be developed in order to meet analytical and growers demands. To achieve this laboratory activity additional specialized instrumentation is needed. These instruments are approved for purchase, however, due to lack of adequate funds the purchase has not been possible.

#### BASE FUNDING

The laboratory positions are funded in the following manner:

Position No.	General Funds	Federal Funds	State Special Funds
Bureau Chief #403	50%	---	50%
Secretary #402	25%	---	75%
Typist #323	100%	(1/2 time position)	---
Chemist IV #324	---	100%	---
Lab Tech #325	---	100%	---
Chemist II #326	100%	---	---
Chemist II #334	---	100%	---
Chemist IV #404	---	---	100%
Lab Tech #406	---	---	100%
Lab Tech #407	(reference explanation)		

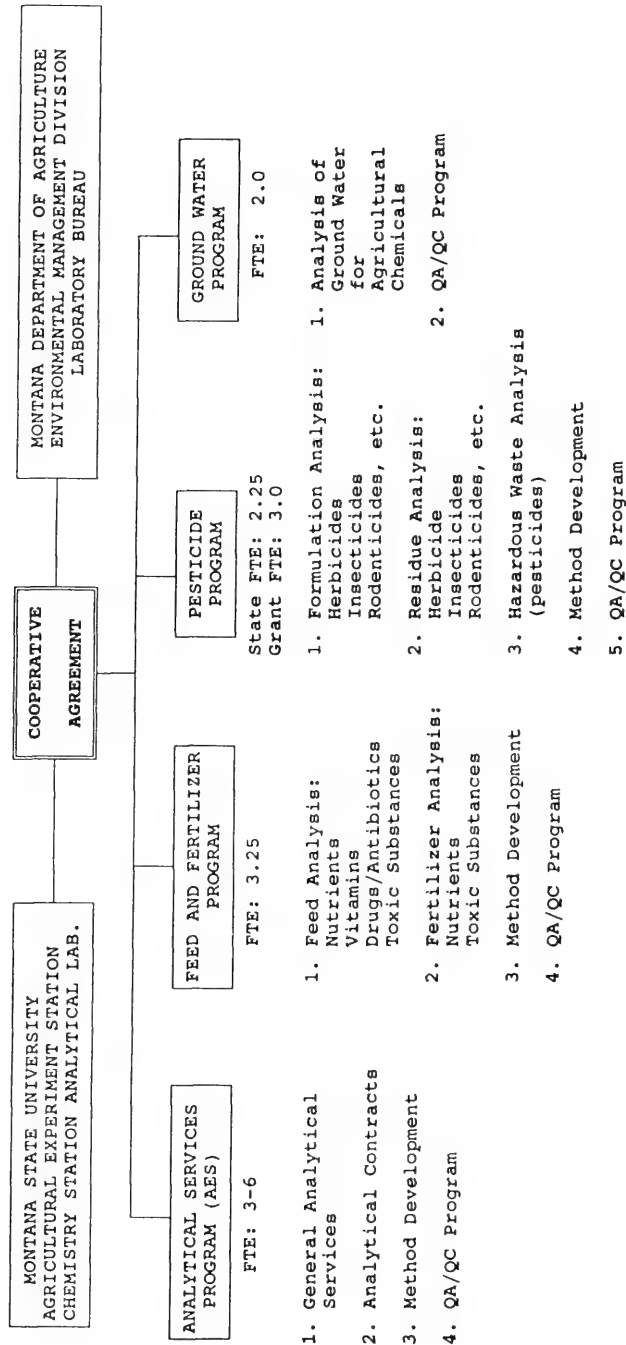
Prior to FY 91 the secretary position was funded 50% by the department, (25% general funds, and 25% State Special Funds), and 50% by the MSU Agricultural Experiment Station. The department also paid 50% of a laboratory technician II position (position #00407) (50% State Special funds), and the Agricultural Experiment Station paid for 50% of the position. Beginning in FY 91 the department will pay 100% of the secretary's position (reference chart) and the AES will pay 100% of the laboratory technician position. No change in F.T.E. occurs in either agency.

#### PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<u>Pesticide Formulation Analyses</u>	170	150	150	150
<u>Pesticide Residue Analyses</u>	1000	920	920	920
<u>Feed Samples Analyses</u>	1600	2000	2000	2000
<u>Fertilizer Samples Analyses</u>	650	900	900	900
<u>Chemical Consultation</u>				
Consultation	300	300	300	300
Method check out	400	450	450	450
New analytical methods development	150	200	200	200
<u>Cooperative agreement for the joint operation of the analytical laboratory</u>				
<p>-- Continue the cooperative department and MSU Experiment Station agreement to save funds by sharing facilities, personnel, equipment and operational costs.</p>				
<p>Reference the Ground Water Management Activity for additional analytical laboratory services and performance indicators.</p>				



# LABORATORY SERVICES



# **Increases or Decreases from Base**

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base:			
Personal Services.	The increase is due to a higher workers compensation rate.	529	527
Operating Expenses	Reduction in operating expenses is primarily due to the transfer of current level operating expenses from this program to the ground water management program which reflect separation of pesticide, feed and fertilizer analytical operations from ground water analytical operations.	- 16,499	- 14,583
Equipment	This increase is primarily due to the need to replace existing equipment using feed and fertilizer funds and EPA grant funds.	24,550	18,150

# WEED MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	1.92	1.92	1.92	.00	1.92	1.92	.00	1.92
Personal Services	43,129.29	52,931	53,879	919	54,798	53,904	920	54,824
Operating Expenses	20,492.15	26,371	26,158	1,625	27,783	26,554	1,514	28,068
Equipment	1,129.00	702	702	3,033	3,735	702	176	878
Grants	1,088,050.00	1,266,204	1,266,800	-41,187	1,225,613	1,266,800	-38,305	1,228,495
Total Agency Costs	\$1,152,800.44	\$1,346,208	\$1,347,539	\$-35,610	\$1,311,929	\$1,347,960	\$-35,695	\$1,312,265
State Special Revenue Fund	1,152,800.44	1,346,208	1,347,539	-35,610	1,311,929	1,347,960	-35,695	1,312,265
Total Funding Costs	\$1,152,800.44	\$1,346,208	\$1,347,539	\$-35,610	\$1,311,929	\$1,347,960	\$-35,695	\$1,312,265

## GOALS \*

Issue grants or contracts to communities, weed control districts, local government, land managers or researchers for:

-Development of new and innovative noxious weed management projects;

-Implementing or demonstrating improved private or public noxious weed projects.

\* Issue special grants to weed control districts to eradicate or contain newly introduced noxious weeds into the state or county.

\* Provide technical expertise and assistance on noxious weeds and noxious weed management techniques to public and private land managers.

\* Administer the collection of the herbicide surcharge and special vehicle tax which provides the financial support to the program.

\* Evaluate the grants program for improving the management of noxious weeds in Montana.

## AUTHORIZATION

80-7-801 et seq, MCA Noxious Weed Trust Fund Act. Establishes a weed grants program administered by the Department of Agriculture through the Noxious Weed Advisory Council; and provides for emergency procedures.

80-7-771 et seq, MCA Montana Weed Control Act. Directs the department to provide technical assistance to government and private land managers and to provide information on weed control to the public.

75-1-101 et seq, MCA Montana Environmental Policy Act. Obligates the Division to address significant environmental impacts of the grants program.

## BASE PROGRAM

The Weed Management Program processes and reviews grant applications, manages and evaluates contracts, collects special revenues, and provides services and technical assistance to clients.

The objectives of the Weed Management Program are to process and review 100 grant applications; prepare, manage, and evaluate 80 new weed management grant contracts; manage and evaluate 50 on-going grant contracts; collect herbicide

sales information on 790 registered herbicides from 500 Montana pesticide dealers and compute sales records in billing statements for 38 companies registering these herbicides in Montana; monitor weed vehicle fee collection from 56 Montana counties; and provide technical assistance for development of weed management programs for 15 private landowner groups, five county weed districts, and two federal or state land management agencies. The Montana Noxious Weed Advisory Council meets up to four times each year to review and evaluate grant applications and weed management programs.

As required by MEPA the Division is currently developing an environmental assessment (EA) or programmatic environmental impact statement (PEIS) on the noxious weed grants program. When completed (FY 91) rules and/or additional EA's or EIS's under MEPA will be developed in FY 92-93.

#### BASE FUNDING

The Weed Management Program is funded by special revenues generated by a \$1.50 weed vehicle fee on all state registered vehicles, a \$1.50 off-highway vehicle fee, and a 1% surcharge on the retail sales of all herbicides sold in Montana.

Statutorily, all of the off-highway vehicle fee, one-half of the herbicide surcharge, and all interest income must be deposited into a permanent Noxious Weed Trust account. When the Trust reaches it's \$2.5 million goal (1994), all interest income from may be allocated to the grants program.

All weed vehicle fees and half of the herbicide surcharge are used for the grants program and for administration of the program.

A statutory requirement obligates at least 25% of the vehicle fee monies to non-chemical control grants. Oil overcharge revenues for biological control grants may be available in the 1993 biennium.

The three positions, F.T.E. 1.92, are funded by State Special Funds. The weed program was transferred to the Environmental Management Program in FY 90 from the

Agricultural Development Program through a department reorganization.

#### PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Grant application review	108	75	100	100
Weed contract development	85	80	80	80
Administration of weed grants	60	50/60	130	130
Assistance with weed management plans	25	25	22	22
Technical assistance projects	80	80	80	80
Educational programs	40	40	40	40
Environmental Assessments/or Programmatic Impact Statements	--	1	--	--
Rules and EA's or EIS's	--	--	2	2

# **Increases or Decreases from Base**

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base: Personal Services.	The increase is due to a need to hold one additional meeting for the mandatory advisory council to review and approve noxious weed grants and the workers compensation rate increase.	919	920
Operating Expenses	The increase is due to additional travel expenses of the advisory council and weed coordinator for meetings and realignment of operating fund expenses.	1,625	1,514
Equipment	The FY92 increase is based upon purchase of portable computer and software. The weed coordinator's travel an extensive and a portable computer will allow for preparation of correspondence and reports while in travel status. The FY93 increase is for the purchase of an office file.	3,033	176
Grants	Reduction is due to improved analyses of available program revenues and indirect costs allocated to Central Management Division (CV 11010).	-41,187	-38,305

# GROUND WATER MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.49	2.00	2.00	1.94	3.94	2.00	2.25	4.25
Personal Services	0.00	47,690	46,413	51,933	98,346	46,380	59,473	105,853
Operating Expenses	25,670.34	57,298	57,997	155,479	213,476	57,710	195,590	253,300
Equipment	10,825.00	0	0	127,978	127,978	0	78,680	78,680
Total Agency Costs	\$36,495.34	\$104,988	\$104,410	\$335,390	\$439,800	\$104,090	\$333,743	\$437,833
General Fund	35,255.13	68,188	68,188	-139,434	-71,246	68,188	-184,564	-116,376
State Special Revenue Fund	0.00	15,000	15,000	414,046	429,046	15,000	457,209	472,209
Federal Special Revenue Fund	1,240.21	21,800	21,222	60,778	82,000	20,902	61,098	82,000
Total Funding Costs	\$36,495.34	\$104,988	\$104,410	\$335,390	\$439,800	\$104,090	\$333,743	\$437,833

## GOALS

Ground Water Management Technical Services Bureau and Laboratory Bureau

- \* Protect the state's ground water and environment from impairment by agriculture chemicals (pesticides and fertilizers).
- \* Establish and manage agricultural chemicals through agricultural chemical plans to prevent, minimize and mitigate impairment of ground water.
- \* Conduct general and site specific ground water monitoring for agricultural chemicals.
- \* Conduct inspections and investigations on alleged and known agricultural chemical ground water problems and enforce statutory provisions of 80-15-101 et seq, MCA.
- \* Analyze ground water, soil and other environmental media for agricultural chemical residues.
- \* Coordinate agricultural chemical ground water

activities with government agencies, universities and the public.

Conduct chemical users and public educational programs on agricultural chemicals and ground water in cooperation with Montana State University Extension Service and others.

Continue to monitor permanent state agricultural chemical ground water well sites.

## AUTHORIZATION

80-15-101 et seq, MCA - Montana Agricultural Chemical Ground Water Protection Act. Authorizes the department to develop agricultural chemical ground water management plans. The plans must meet the objectives of preventing ground water impairment, minimizing the presence of agricultural chemicals in ground water and protecting present and future beneficial uses of ground water. Authorizes the department to adopt appropriate rules to ensure compliance with the requirements of the act.

## BASE PROGRAM

### Program Establishment

In 1988 there were 4,989 pesticide products registered in Montana. The assumption was made when HB 757 (80-15-101 et seq, MCA) was passed that this number would probably remain static. However, since that time EPA has assessed a yearly maintenance fee for each pesticide registration. Income from the sale of these products may be great enough for registrants to support payment of the fees. If this occurs the number of pesticide products registered each year in Montana could experience a decline. In any event the department used 4,989 as a base to calculate the budget. The law proposed a \$15 per product fee which when using the 4,989 figure would generate \$74,835 per year. The primary task in the 1991 biennium will be development of cooperative programs which meet the requirements of EPA's pesticide ground water strategy and Montana's Agricultural Chemical Ground Water Act, including a general pesticide plan and possibly one or two specific plans.

To implement the Montana Agricultural Chemical Ground Water Protection Act (MAGA) the department must promulgate and publish rules establishing the parameters and specifics of the program. MAGA requires the department to develop a general state ground water management plan.

The Department and the Department of Health and Environmental Sciences will cooperatively establish monitoring, investigation and compliance activities to implement this act. The departments will be utilizing federal ground water funds to assist in implementation of Montana's Agricultural Chemical Ground Water Act.

### Training

The Department and Montana State University Extension Service (MSUES) will cooperatively upgrade the pesticide education programs by incorporating the ground water program elements for applicators and farmers. The department will develop, in cooperation with the MSUES, industry, farm and ranch organizations and the public, an educational training program. This program will cover best management practices, pesticides of concern, geographical

and ground water areas of concern, general and specific ground water management plans, and related subjects.

Special educational programs in regions or sites subject to specific agricultural chemical ground water management plan requirements will be conducted to assist chemical users in preventing impairment and/or remediating impairment of ground water from agricultural chemicals.

The DOA and the Montana Bureau of Mines and Geology (MBMG) will cooperatively prioritize the collection of necessary data on selected aquifers for submission to DHES for classification of the ground water. The Department of Agriculture will contract with MBMG for this purpose.

The balance of the available fee revenue approximately \$37,000 per year will be utilized by the DOA for implementing the act.

### Program Activities

The division will conduct monitoring of the ground water for agricultural chemicals using state and federal funds. The samples collected will be for those products registered in Montana and designated by EPA as leachable pesticides. Samples will be collected for specific agricultural chemicals used at mixing, loading, disposal and spill sites. The monitoring will include: (1) ambient monitoring in regions subject to potential ground water impairment from agricultural chemicals; (2) monitoring in regions regulated by a specific management plan for a given chemical or chemicals, and (3) site specific monitoring either subject to a local specific management plan or to determine if chemical operations at a mixing/loading, disposal or spill site has, or may cause, ground water impairment.

Monitoring will be used to: (1) determine if a specific agricultural chemical ground water plan is needed in a region or site based upon the provisions of 80-15-202 and 212, MCA; (2) evaluate specific plans in terms of preventing, minimizing or reducing the concentration of an agricultural chemical in ground water; and (3) evaluate enforcement cases to ensure problems are corrected.



Monitoring will also include sampling soils, surface waters and related media to assess the potential for agricultural chemicals to leach to ground water or to determine the cause of an agricultural chemical ground water problem. All sampling, monitoring and sample analyses will be conducted in accordance with the department's quality assurance/quality control (QA/QC) procedures.

Several specific agriculture chemical ground water management plans will be prepared and implemented through rule making in the biennium. These plans will require extensive time and resources to characterize the region or site. Characterization of the plan includes: investigation of the aquifer, geology, topography, climate, agricultural practices, beneficial uses of the ground water and it's classification, the beneficial use of agricultural chemicals, chemical usage patterns and application rates, assessment of the problem, conducting public meetings, development of best management practices (BMP) with the Extension Service, development of possible alternative pest control and agricultural practices, and holding educational programs. Compliance investigation and actions may also be conducted prior to or after implementation of the plan. Evaluation of the plans provisions will be developed to ensure the plan is successful.

Meetings with chemical users and the public may be held to allow for public discussion of the proposed provisions of a plan and to determine the success or problems with an existing plan.

The general management plan, an educational and technical assistance document, may be revised as new information or technology becomes available. These updates will be accomplished, in cooperation with the DHES and Extension Service. Public review and comment will also be obtained in such updates.

Enforcement activities will be conducted in regions or sites subject to a specific plan and generally throughout the state in conjunction with the pesticide program. The primary purpose of these activities will be to protect Montana's ground water for future generations.

The analytical laboratory has been involved with the analysis of ground water samples for agricultural chemicals

since the early 1980's. The laboratory has adopted multi residue methods for analyses of ground water samples for pesticides and also analyzes samples for nitrates, sulfates, pH, conductivity and similar components. The laboratory has a chemist and a laboratory technician whose primary responsibility will be the analysis of agricultural chemicals in ground water. These personnel are supported by other chemists, technicians, and clerical personnel responsible for pesticide and fertilizer samples. The laboratory will be responsible for ground water, soil, surface water and related sample analyses to support the general ambient and specific plan monitoring. Laboratory instrumentation and equipment used for existing programs will be utilized, however, future improvements are anticipated.

The Department in cooperation with the Montana Bureau of Mines and Geology, (MBMG) and Plant and Soils Department at MSU (PS-MSU) received a two year grant from the Department of Natural Resources and Conservation (DNRC) for funding an agricultural chemical ground water program under the Water Development and Renewable Resource Program. Seven permanent sites have been established. Monitoring of these sites will continue in the 93 biennium using department ground water funds.

## BASE FUNDING

The chemist position is funded 50% general funds and 50% federal funds. The laboratory technician position is paid by general funds. Personnel from the program activities, Pesticide and Pest Management Program, and Laboratory Services, provide additional resources for the Ground Water Management Activity. The personnel and operational activities for this activity will be addressed in the next phase of the budgeting process.

<u>PERFORMANCE INDICATORS</u>				
	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
<u>Ground Water Agricultural Chemical</u>				
Samples collected	30	200	200	200
Residue & Inorganic Analyses 90320320320				
<u>Soil &amp; Related Samples</u>				
Collected	20	30	30	30
<u>Soil &amp; Related Agricultural Chemical Analyses</u>				
	50	75	75	75
<u>Ground Water Training Courses *</u>				
	1	3	5	5
<u>Ground Water Symposium</u>				
	--	1	--	1
<u>Development of Ground Water Rules</u>				
Initiated	Completed	Amend	Amend	
		as	as	
		needed	needed	
		--	--	
Basic rules	8	8	--	--
<u>Development of Ground Water Management Plan (General)</u>				
Initiated	Completed	Revise	Revise	
		as	as	
		needed	needed	
<u>Development of Ground Water Management Plans (Specific)</u>				
--	1	2-3 <sup>1</sup>	2-3 <sup>1</sup>	

\* Ground Water Training has been incorporated into pesticide training program (reference PMP activity description and indicators for explanation and measurements).

<sup>1</sup> Number of specific plans adopted by rules is dependant upon the requirements of 80-8-212, MCA.

# Increases or Decreases from Base

Item Changes in base: FTE	Fiscal 1992		Fiscal 1993	
	Explanation	FY 92	FY 93	
	The department proposes:			
	Pesticides Specialist III	0.5	0.5	
	Chemist IV	0.5	0.5	
	Clerk Typist	0.19	0.25	
	Ground Water Specialist	0.75	1.0	
	TOTAL FTE	1.94	2.25	

These positions are funded with ground water special revenue funds and EPA grant funds. The first three positions are also funded by pesticide funds. The pesticide and ground water specialists will provide field supervision and evaluation of specific ground water management plans. The chemist and clerk typist will assist in the analysis of ground water samples and preparation of reports and correspondence.

## Personal Services.

51,933 59,473  
155,479 195,590

## Operations

The increase involves \$132,468 (FY92) and \$160,993 (FY93) for contracts to develop and implement the preventive and educational elements of the ground water program and for special analytical services. The contracts involve obtaining services from other agencies, the university and private enterprise. The remaining funds are to support the field and laboratory activities of the new FTE's and improvements in the ground water program.

## Equipment

127,978 78,680

The equipment expenditures include: replacing 3 trucks each with over 104,000 miles; replacing computers with limited capabilities; desks, chairs, computer work stations, software and files for new positions; replacement of laboratory instruments and equipment (autosampler for gas chromatograph, refrigerator, HPLC system which require constant repair and/or do not meet EPA standards for analysis). The purchase of new instruments to improve laboratory capabilities for analysis of ground water samples (super critical fluid chromatograph, special HPLC detector and a laboratory computer and software program to improve the management and reporting of laboratory samples, analysis and results).

## Funding Changes

In combination the pesticide and ground water programs will result in an overall Division funding change of \$483,862 92 and \$631,375 in FY 93 from general fund to state special revenue. (Reference pages 17 through 19.)

# PLANT INDUSTRY DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	18.09	18.09	18.09	-1.13	16.96	18.09	-1.13	16.96
Personal Services	425,185.51	495,551	487,969	-15,962	472,007	487,929	-15,931	471,998
Operating Expenses	104,742.29	121,003	121,326	17,005	138,331	122,334	18,840	141,174
Equipment	18,693.95	13,205	13,205	1,050	14,255	13,205	1,050	14,255
Total Agency Costs	\$548,621.75	\$629,759	\$622,500	\$2,093	\$624,593	\$623,468	\$3,959	\$627,427
General Fund	429,974.25	453,988	445,508	11,243	456,751	446,154	11,126	457,280
State Special Revenue Fund	102,455.34	156,306	156,789	-9,309	147,480	156,923	-7,236	149,687
Federal Special Revenue Fund	4,108.56	8,904	9,035	109	9,144	9,150	39	9,189
Proprietary Fund	7,798.68	10,561	11,168	50	11,218	11,241	30	11,271
Expendable Trust Fund	4,284.92	0	0	0	0	0	0	0
Total Funding Costs	\$548,621.75	\$629,759	\$622,500	\$2,093	\$624,593	\$623,468	\$3,959	\$627,427

## OVERVIEW

The Plant Industry Division's responsibilities have been divided into two basic programs and their respective activities. These are as shown:

### PLANT INDUSTRY DIVISION

#### Commodity Inspections Program

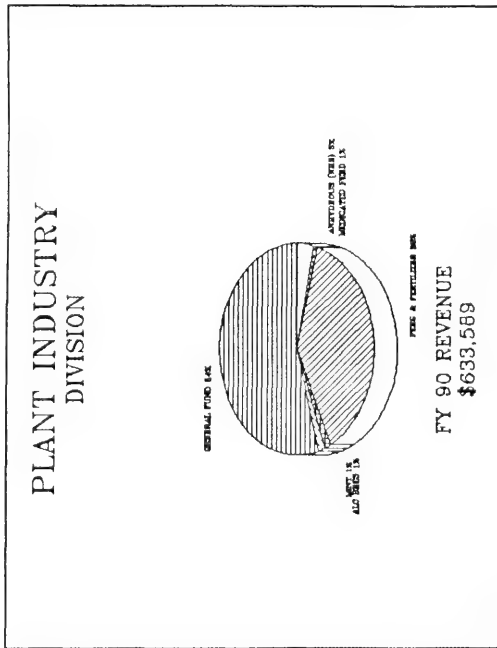
General Fund

- Apiculture
- Nurseries
- Produce
- Public Warehouse
- Quarantines
- Seed

Alfalfa Leafcutting Bees

Anhydrous Ammonia

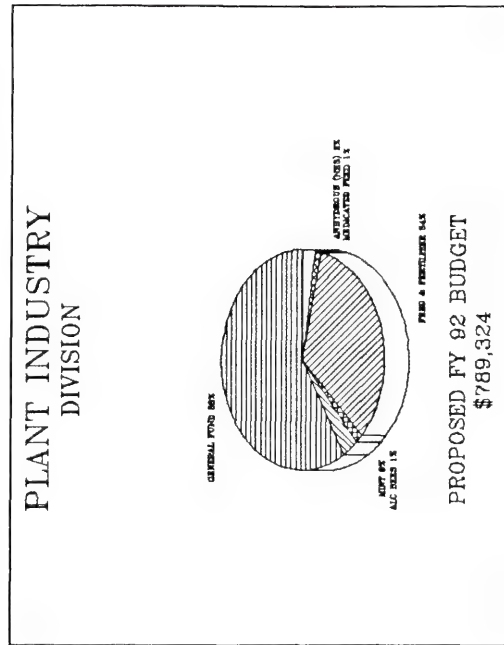
- Commercial Feed
- Fertilizer Reg. & Licensing
- Ground Water Prot. Act(Fert.)
- Medicated Feed
- Mint



**Figure 13**

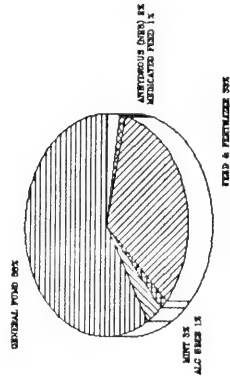
Figure 13: Plant Industry Division revenues from FY90, depicted in Figure 13, is composed of the revenues generated from the funds deposited to the state general fund and five state special funds that are administered through the division.

Figure 14: Plant Industry Division proposed FY92 budget, depicted in Figure 14, is composed of appropriations from six funding sources. For revenue comparison purposes indirect costs appropriated from these state special accounts and the appropriations from the feed and fertilizer account for the laboratory services provided by the Environmental Management Division are included.



**Figure 14**

# PLANT INDUSTRY DIVISION



PROPOSED FY 93 BUDGET  
\$790,126

Figure 15

Figure 15: Plant Industry Division proposed FY93 budget, depicted in Figure 15, is composed of appropriations from six funding sources. For revenue comparison purposes indirect costs appropriated from these state special accounts and the appropriations from the feed and fertilizer account for the laboratory services provided by the Environmental Management Division are included.

The Plant Industry Division administers agricultural programs relating to the production, manufacturing, and marketing of commodities exported from or distributed in the state. The Division provides services to industry by: (a) performing professional insect/disease surveys; (b) performing comprehensive feed mill inspections; (c)

issuing official commodity certificates; (d) issuing dealer licenses/permits; (e) registering products; (f) performing analytical analyses of bees, etc.; (g) collecting various assessment fees. Division personnel provide technical/scientific information upon request to industry and the general public. Division personnel investigate and resolve consumer complaints ranging from product contamination, quality control, to elevator bankruptcies and non-payment for products. Division personnel utilize information processing systems to meet statistical and record keeping demands.

## Commodity Inspection

### OVERVIEW

All work areas of Commodity Inspection are regulatory services which are mandated by statute. Some services provide disease and pest inspections which are required for inter and intrastate merchandising of Montana products. Other services prevent the introduction and spread of exotic diseases or pests in Montana; ensure truth in labeling of products sold to Montana farmers; and promote a financially stable grain merchandising environment.

### ACTIVITY

Those areas which receive funding from the general fund include: apiculture; nurseries; licensing and inspection; produce standards, storage, and merchandising; public warehousing/commodity dealer; quarantines, pest survey and detection; and seed.

Other areas of commodity inspection receive funds from special revenue accounts. These include alfalfa leafcutting bee registration and certification; anhydrous ammonia; commercial feed; fertilizer registration and fertilizer dealer licensing; ground water (fertilizer); medicated feeds; and mint. The medicated feeds program is funded by a contract with the USDA-FDA.

## Apiculture

### GOALS

- o To control diseases and pests in honeybees, including Africanized "Killer" bees.
- o To prevent the overcrowding of bee pasture.

### AUTHORIZATION

Section 80-6-101 Apiary inspection and registration.  
through 80-6-303

### BASE PROGRAM

Montana is a major honey producing state. It ranks among the top ten states in the nation for honey production and the first or second in production per hive. Approximately 10 million pounds of honey are produced annually in Montana with a wholesale value of \$7 million. Besides providing a living for 55 commercial beekeepers in Montana, honeybees also pollinate many agricultural crops such as: cherries around Flathead Lake, alfalfa, sainfoin, sunflowers, and beans. Many wild land flowers are also pollinated by honeybees.

American Foulbrood of honeybees is a very contagious disease which cannot be cured with drugs. Inspection and elimination of diseased hives is the only means of controlling the disease. Other diseases requiring control are Chalkbrood and European Foulbrood.

Within the past two years two new mite pests (Honeybee Tracheal mites and Varroa mites) have been introduced into the bee population of Montana. These mites are very damaging to the honeybee industry and will kill beehives if not controlled.

To control the mites and their spread, a Western States Regional Certification Program has been established to standardize mite survey for certification of beehives moved interstate. Present budget constraints will restrict Montana's participation in the regional certification program. Since Montana is primarily a migratory beekeeping

state, its beekeepers would suffer considerable economic loss.

Additional funding is needed to develop and implement a "state action plan" to deal with the expected migration of the Africanized "Killer" bees. Montana beekeepers import bee stock from southern states that may be Africanized.

### BASE FUNDING

Funding is received from the general fund. Registration and inspection fees assessed are deposited into the General Fund.

### PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Hives registered	108,000	109,000	110,000	112,000
Apiaries registered	4,925	4,950	5,000	5,010
Beekeepers registering	481	485	490	505
Total hives inspected	40,000	40,000	40,000	40,000
Hives inspected for export	20,000	20,000	20,000	20,000

### Nurseries: Licensing and Inspection

#### GOALS

- o To control diseases and insects in domestic, import, and export nursery stock.

#### AUTHORIZATION

Section 80-7-101 MCA Control of diseases and insects in nurseries through the licensing and inspection of all establishments that sell nursery stock.

Memorandum of Understanding

USDA/APHIS monitors imports and exports of plant products, the department is able to issue federal certification to exporters.



## **BASE PROGRAM**

The department licenses establishments selling nursery stock. Reciprocal license agreements between states allow for interstate movement of inspected nursery stock.

Establishments selling nursery stock are randomly inspected to ensure their freedom from insects, diseases, weeds and quarantine violations. Nursery stock imported into Montana is required to be inspected. All nursery stock shipped out of state is inspected as required by the destination state or country.

The department has a memorandum of understanding with the USDA for the inspection of plant products being exported to foreign countries. This allows the service to industry to certify shipments internationally. Federal/state certification for international export economically benefits the Montana nurseryman. The domestic and export nursery business continue to expand which require additional services.

## **BASE FUNDING**

Funding is received from the General Fund. License and inspection fees assessed to the nursery industry are deposited in the General Fund.

### **PERFORMANCE INDICATORS**

	FY90	FY91	FY92	FY93
Nursery licenses issued	618	630	635	640
Phytosanitary certificates for export	950	1200	1200	1400

## **Produce Standards, Storage, and Merchandising**

### **GOALS**

- o To ensure that quality fruits and vegetables are imported or exported.

- o To protect producers from financial loss resulting from misgrading or nonpayment of produce.

## **AUTHORIZATION**

Sections 80-3-101 Horticulture standards, storage and through merchandising covers the produce industry 80-3-713 shipping and grade standards.

Cooperative USDA-F&V certification for shipping Agreement and receiving of produce.

Memorandum of USDA-APHIS monitors exports of produce Understanding for insects and disease requirements of foreign companies.

## **BASE PROGRAM**

### **Potato Inspection**

Sample and inspect certified seed potatoes according to USDA and Montana grade requirements. In 1989, Montana potato growers shipped over 2.2 million cwt valued at over \$17 million. The demand for Montana's disease free and genetically superior potatoes continues to increase.

The department currently has a cooperative agreement with the United States Department of Agriculture-Fruit and Vegetable (USDA-F&V) division to perform potato grade inspections and issue federal/state grade certificates.

### **Cherry Inspection**

Sweet cherries are sampled and inspected according to USDA and Montana grade requirements. Montana law requires inspection of the fruit before it leaves the shipping point to ensure compliance.

Montana cherry growers located around Flathead Lake have produced an average of 2 million pounds of sweet cherries with a wholesale value of approximately \$1.5 million over the last 10 years. However, due to extreme weather in February 1989, production will be severely reduced for

about the next 6 years. Rebuilding the cherry industry has shifted the burden on the department to helping ensure that the proper virus indexed rootstock is being used in replanting orchards.

The department has a cooperative agreement with USDA-F&V to perform grade inspections and to issue federal/state certificates which increase the value of the fruit in domestic and foreign markets.

The department has a Master Shipping Permit with the state of California to allow fresh cherries to enter California without fumigation. Cherry fruit fly monitoring must continue to identify alternate hosts with the intent of eradication.

#### Apple Inspection

Apples are sampled and inspected according to USDA and Montana grade requirements. Montana's apple industry is currently small in size with much of the commercial production being used locally. Export apple shipments are expected to increase as the industry matures.

#### Fruit and Vegetable Inspection

Inspections are performed on fresh produce that is being moved in commercial channels. Inspection at the retail level provides the consumer with the confidence that the produce being advertised is in fact the grade which is being sold.

A cooperative agreement with the USDA/F&V for market inspections in Montana provides personnel to issue federal documents indicating the quality and/or condition of the produce. A retailer/wholesaler may request a statement of condition on damaged produce.

#### Produce Wholesalers and Itinerant Merchants

License applications and performance surety bonds are reviewed to see that they meet the requirements before licenses are issued. Farmers who sell their own produce to the consumer are issued a permit of exemption and no bond is required.

Industries financial statements are reviewed to identify potential bankruptcies. Consumer complaints regarding unscrupulous dealers and label claims are investigated and resolved. Produce Wholesalers and Itinerant Merchants surety bonds protect the farmers from nonpayment of produce sold as well as protecting the ultimate consumer from grade and quality fraud.

#### **BASE FUNDING**

Funding is received from the General Fund. License and inspection fees assessed are deposited in the General Fund.

#### **PERFORMANCE INDICATORS**

Potatoes Inspected	FY90	FY91	FY92	FY93
Millions of cwt	2.1	2.2	2.3	2.4
Potato Growers	66	67	68	69
Certificates issued	4100	4300	4500	4700
Produce Inspected				
State Grade Certificates	80	100	110	120
State Conditions	350	360	370	380
Produce Wholesaler licenses	20	22	22	23
Itinerant Merchant licenses	25	26	26	27
Permits of Exemption	25	23	24	25
Produce Bankruptcies	3	3	3	3

#### Public Warehousing/Commodity Dealer

#### **GOALS**

- o To protect agricultural producers from financial loss resulting from disappearance or nonpayment of commodities.

## AUTHORIZATION

Section 80-4-401 Public Warehouseman/Commodity Dealer through program requires bonding before 80-4-608 licenses are issued and audits are performed on facilities.

## BASE PROGRAM

The Public Warehouseman/Commodity Dealer program was extensively revised in 1983 to meet the needs of a more sophisticated and expanded grain merchandising and storage business in the state.

Personnel review applications for licensing to ensure that they meet statutory requirements including net assets, debt to asset ratios, insurance coverage and sufficient bond coverage. Licenses are issued upon meeting all the requirements. A list of all licensed firms is prepared for distribution to the industry.

Audits on public warehouses are performed to verify that there is enough in-house grain to meet warehouse receipted liability, thus ensuring that there are no producer owned grain shortages. Audits are conducted in cooperation with the USDA-ASCS on facilities that store Commodity Credit Corporation grain. Grain shortages or discrepancies could result in revocation of license.

Commodity dealers are audited by examining financial records and all commodity transactions.

Complaints from farmers are investigated regarding disappearances of commodities in storage or nonpayment for commodities. Surety bonds or its equivalent are held by the department to satisfy claims.

The USDA continues to cancel Uniform Storage Agreements, thus, reducing the amount of storage revenue available to public warehouseman. In addition, drought conditions and lack of grain transportation could result in financial instability for public warehousemen. Workload to carry out statutory requirements in the grain auditing program require strengthening of the program.

## BASE FUNDING

Funding is received from the General Fund. Licensing fees assessed to the grain industry are deposited in the General Fund.

### PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Locations licensed as both Public Warehousemen and Commodity Dealers	285	280	270	270
Public Warehouseman				
Licensed firms	80	78	77	77
Licensed locations	185	175	175	175
Commodity Dealers				
Licensed firms	140	135	135	135
Licensed locations	305	300	300	300
Bankruptcies/Bond Filings	4	5	5	5
Visitations	131	140	140	140
Audits	25	30	30	30
Investigations	12	15	15	15

### Quarantines, Pest Survey and Detection

#### GOALS

- o To detect and monitor the presence of pests in the state to determine the need for quarantines and eradication.
- o To control and prevent the spread of contagious diseases in seed potato stock.

## AUTHORIZATION

Section 80-7-7-201 Fruit/vegetable, pest, and disease control, pest survey, detection, and quarantine prohibits the importation of pests of plant products that could be hazardous to Montana.

Memorandum of Understanding  
USDA-APHIS Gypsy Moth Survey

Section 80-7-301 Barberry Control  
through  
80-7-304

Memorandum of Understanding  
USDA-APHIS nursery inspection for federal Barberry quarantine

Section 80-7-701 Embargo against introduction of noxious weed seed from other states  
through  
80-7-703

Section 80-5-401 Seed Potato Disease Control  
through  
80-5-405

## BASE PROGRAM

Surveys are conducted for dangerous agricultural pests and exotic pests to detect and control them before they become established in the state. Those being surveyed include: cherry fruit fly, apple maggot, summer fruit tortrix, light brown apple moth, European pine shoot moth and the gypsy moth. In recent years there have been single finds of the gypsy moth in separate areas of the state. Gypsy Moth traps are systematically placed to monitor high risk areas. Data is entered into the USDA National Survey (NAPHIS) program which monitors the extent of pest infestations.

Federal/state quarantines are enforced to prevent the spread of detrimental disease and insects. State quarantines have been established against certain pests of cherries, Christmas trees, bean, potatoes, mint, grain,

nursery stock and honeybees. As pesticides become more difficult to use, due to environmental concerns, quarantines are becoming a very valuable tool in controlling the entry of exotic pests. The movement of live plant pests for research purposes must receive approval from the department.

Surveys for barberry plants which may be hosts to black-stem rust are conducted. Suspect plant samples are analyzed by USDA and eradicated if found to be susceptible to rust.

The department monitors the movement of agricultural products or other material utilizing existing work force in order to prevent the introduction of noxious weeds into the state. Limited funds specifically for weed control work has limited the effectiveness of this program.

After January 1, 1990, only certified seed potato stock shall be planted in designated seed growing counties. The department must inspect all state of origin certificates for seed variety, seed class, standard grade, quality, and condition. The seed potato certification tag or label must be presented by the grower.

## BASE FUNDING

These activities do not generate any revenue, therefore, each line item budget for these activities are limited.

Funding is received from the General Fund.

## PERFORMANCE INDICATORS

Number of Traps Monitored	FY90	FY91	FY92	FY93
Exotic Pests Detected	250	250	150	150
Live Plant Pests Permits Processed	0	0	0	0
	65	65	65	65
Post Entry Quarantines	6	7	7	7
Gypsy Moth Traps Monitored	635	635	635	635

## Seed

### **GOALS**

- o To ensure that all seed sold in the state has complete and truthful labels.
- o To monitor seed conditioning equipment.

### **AUTHORIZATION**

Section 80-5-101 through 80-5-208  
Seed licensees must operate within the law's requirements concerning selling seed, labeling seed, and conditioning seed.

### **Cooperative Agreement**

Movement of seed across state and national boundaries is regulated by USDA and the state into which the seed is being sold.

### **Memorandum of Understanding**

USDA-APHIS monitors imports and exports of seeds. The department is able to issue federal certification to seed exporters.

### **BASE PROGRAM**

Seed dealers conduct over \$70 million of seed business annually. Labeling information assists the farmer as to the quality of the seed he wants to purchase.

Agricultural seed such as cereal grains, grasses or legumes, vegetable and flower seed, or indigenous seed, must be labeled in a particular format and contain certain information as established by statute. Inspectors examine seed labels at the wholesale and retail level to see that the labeling requirements are being met.

Seed lots are randomly samples and analyzed for purity and germination. Seed lots that exceed prescribed tolerances are placed under a stop sale order until reconditioned to meet the label claims. Consumer complaints involving infested, contaminated, or mislabeled seed are investigated.

Montana/USDA has a cooperative agreement for the enforcement of the Federal Seed Act. Likewise, resources are provided by USDA in investigating problems originating outside of Montana. No monies are transferred for these activities.

Seed imports are monitored for violation. Information on any violation is provided to USDA for regulatory action. The free trade agreement will enhance the number of seed imports from Canada. Additional resources may be needed to monitor the increased trade activity. The department has a memorandum of understanding with USDA for the inspection of seed being exported to foreign countries. Federal/state certification for international seed export economically benefits the Montana seed man.

Licenses are issued to seed dealers, seed labelers and seed conditioning facilities upon their compliance with the licensing requirements. Seed conditioning facilities clean different types of seed based upon their ability and compliance with the equipment standards required.

USDA/Conservation Reserve Program (CRP) policy has created an increased demand for agricultural seed. As a result, numerous complaints pertaining to unscrupulous seed dealers have taxed the program resources. The importance of providing clean, weed-free seed to farmers is paramount in producing the quality crops of Montana.

### **BASE FUNDING**

Funding is received from the General Fund. License fees assessed are deposited to the General Fund.



#### PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Seed Dealers Only	160	165	165	165
Seed Dealers	180	185	185	185
Seed Labelers	90	93	94	95
Seed Conditioning Plants	163	167	167	167
Samples Analyzed	250	260	270	280
Analysis Violations	30	35	40	40
Labeling Violations	50	55	60	60

#### Alfalfa Leafcutting Bee Registration and Certification

##### **GOALS**

- o To promote and maintain a healthy and viable alfalfa leafcutting bee industry in Montana.

##### **AUTHORIZATION**

Section 80-6-1101 The Alfalfa Leafcutting Bee Law requires all persons to register their bees and establishes disease and parasite lab services. The program is assigned to the Department of Agriculture is assigned for administrative purposes only.

##### **BASE PROGRAM**

Alfalfa leafcutting bees are reared in Montana primarily for the purpose of pollinating alfalfa raised for seed. Because of these very efficient pollinators, alfalfa seed growers can double to quadruple the amount of seed produced per acre.

Also, if surplus bees are reared each year, the surplus can be sold across the nation to other alfalfa seed growers providing an additional source of income for the Montana seed grower. Unfortunately, there are several bee diseases which can dramatically decrease the capacity of the

leafcutting bees to reproduce themselves. Registration and certification of leafcutting bees is a means of controlling these diseases.

Approximately 81,000 pounds of alfalfa leafcutting bee cocoons are registered each year. The level of bee disease in Montana has been kept down to an average of 5 percent compared to a national average of 15 percent.

##### **BASE FUNDING**

The functions of the program are funded by the collection of registration, laboratory, and certification fees. All fees collected are paid into the state special revenue fund.

#### PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Registrants	59	57	58	56
Samples analyzed	185	180	190	195

#### Anhydrous Ammonia

##### **GOALS**

- o To inspect all commercial anhydrous ammonia facilities.
- o To disseminate information for the safe handling of anhydrous ammonia.
- o To review and approve new sites for anhydrous ammonia facilities.
- o To investigate mishandling or accidents involving anhydrous ammonia.

## AUTHORIZATION

Section 80-10-501 The Anhydrous Ammonia Facilities through Safety Act establishes safety standards 80-10-509 for equipment used to handle anhydrous ammonia. It also provides for training and facility siting review.

## BASE PROGRAM

Anhydrous Ammonia (NH3) is a source of nitrogen fertilizer when under pressure is a liquid, and when subjected to atmospheric temperature and pressure, is a gas. The major use of NH3 is for nitrogen fertilizer, especially for cereal grain crops since it is injected into the soil during pre-planting tillage.

There are approximately 80 storage facilities in Montana. In 1989, approximately 39,000 tons of NH3 were sold in Montana. The use of NH3 appears to have reached a stable level.

The NH3 program is involved with the safe storage and handling of NH3. Inspections are made on storage facilities, nurse tanks, trucks, and application equipment. NH3 equipment will be checked for structural safety, proper gauges, fittings, hoses, valves, pressure relief devices, safety equipment, mountings to transport vehicles, and good handling practices. It will ensure that the farmer will receive an NH3 nurse tank or applicator that is in good shape and safe to use.

The Department will approve training sessions that meet the standards for training employees in the proper handling of NH3. The program will ensure that the people handling NH3 will be working in a safe environment and are trained to handle the product.

Proposed new facilities will be inspected before approval to ensure that they meet facility citing requirements.

## BASE FUNDING

Funding for this program comes from an inspection fee

charged for each ton of NH3 sold in Montana. All funds are deposited in the state special revenue fund.

## PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Facilities Inspected	4	40	40	40
Tanks Inspected	44	440	440	440
Training Sessions	2	2	2	2
Review Citing Applications	1	1	1	1
Investigate Complaints	2	2	2	2

## Commercial Feed

### GOALS

- o To ensure that all commercial feed products sold in Montana are accurately represented by their labels.
- o To ensure that all commercial feed products sold or manufactured in Montana are free from contaminants.

### AUTHORIZATION

Section 80-9-101 through 80-9-304 The Commercial Feed Law requires all feed dealers to be licensed and all feed products to be registered. The law also provides for lab analysis of feed samples.

### BASE PROGRAM

Approximately 350,000 tons of commercial feeds are sold in Montana each year having an estimated value of \$60 million.

Commercial feed product registration provides consumer protection. The registration process involves label review which ascertains that the label represents that product. The label accuracy is further assured by random sampling of commercial feed products and analyzed for agreement with



label claims. Approximately twenty percent of the feed sampled was out of tolerance.

#### **BASE FUNDING**

The feed program is self-funded by the collection of registration, license, and inspection fees. The fees are deposited in the state special revenue fund.

#### **PERFORMANCE INDICATORS**

	FY90	FY91	FY92	FY93
Feeds Registered	3,750	3,800	3,825	3,850
Feed Dealers Licensed	500	510	520	530
Feed Products Sampled	280	300	320	325
Feed Analysis	820	850	900	975

#### **Fertilizer Registration and Fertilizer Dealer Licensing**

##### **GOALS**

- o To ensure that all fertilizer products sold in Montana are accurately represented by their labels.
- o To ensure that all fertilizer products sold in Montana are effective and of good quality.

##### **AUTHORIZATION**

Section 80-10-101 The Commercial Fertilizer Law requires all fertilizers sold in Montana to be registered and all commercial fertilizer dealers to be licensed. It also provides for fertilizer sample lab analysis, label review, and efficacy data evaluation.

#### **BASE PROGRAM**

Approximately 326,000 tons of fertilizer are sold in Montana each year having an estimated value of \$65 million.

Product registration serves as a type of consumer protection. The registration process involves label and efficacy data review which ascertains the correctness of the label. The label accuracy is further checked by random sampling and analysis of fertilizer products. To further ensure that the consumer is getting the product he paid for, samples of blended fertilizers are taken from delivery vehicles and analyzed for agreement with shipping ticket guarantees. Of the total fertilizer samples taken last year, 8 percent were out of tolerance.

#### **BASE FUNDING**

Funding for the fertilizer program comes from registration, license, and inspection fees. All fees are deposited in the state special revenue fund.

#### **PERFORMANCE INDICATORS**

	FY90	FY91	FY92	FY93
Registered Fertilizers	1,250	1,301	1,298	1,310
Licensed Fertilizer Dealers	235	250	250	250
Fertilizer Samples Analyzed	228	250	300	325
Fertilizer Analysis	490	510	550	600

#### **Medicated Feed**

##### **GOALS**

- o To monitor the use of animal drugs used in commercial feeds.
- o To prevent drug residues in animal products marketed for human consumption.
- o To disseminate information for the proper use of animal drugs.

## **AUTHORIZATION**

21 CFR part 500      Medicated feed mill inspection to ensure proper storage, handling, and mixing of animal feeds with drugs.

FDA 223-90-4034      Medicated feed mill inspection  
Section 80-9-104      Department to cooperate with other agencies.

## **BASE PROGRAM**

Personnel will conduct inspections on medicated feed mills to determine their compliance with Good Manufacturing Practice (GMP) guidelines found in 21CFR part 500.

The objective of the program is to biannually inspect all federally registered medicated feed mill establishments which use high-risk animal drugs.

## **BASE FUNDING**

The medicated feed program is funded by a federal contract with the Food and Drug Administration.

## **PERFORMANCE INDICATORS**

	FY9	FY91	FY92	FY93
Feed Mills Inspected	12	10	10	10

## **Mint**

## **GOALS**

- o To protect the mint industry from introduction and spread of diseases detrimental to the mint crop.

- o To improve the culture and production of mint grown in Montana.
- o To disseminate appropriate information to mint producers.

## **AUTHORIZATION**

Section 80-11-401      The Montana Mint Act authorizes a Mint Committee to implement an integrated pest management program. The program is assigned to the Department of Agriculture for administrative purposes only.

## **BASE PROGRAM**

The Montana Mint Committee maintains an integrated pest management program by contracting field inspections on all mint acres. These inspectors identify areas and levels of verticillium wilt, nematode and other plant and soil-borne diseases. Licenses are issued to first purchasers of mint oil so that active buyers may be monitored.

The objective of the program is to provide two inspections of all acres annually. The acres producing mint oil continues to increase at a rate of 200 acres per year. Lack of start-up funds have hampered full implementation of the program.

## **BASE FUNDING**

The Montana Mint Committee is funded by an assessment on each pound of mint oil sold by the producer. A \$50 license application fee is required for each mint buyer's license. All fees are deposited into a state special revenue fund.

# PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Acres Inspected	1,200	1,600	1,800	2,200
Pound Sold	89,25	120,000	135,000	160,000
Licenses Issued	3	3	4	4

## Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services	Loss of 1.13 FTE, transfer to CV 25020	(15,962)	(15,931)
Operating Expenses	Increased workload in the enforcement and inspection areas related to grain and produce inspections	17,005	18,840
	Capitol Complex grounds	FY92 982	FY93 982
	Postage increase due to increased workload in enforcement and inspection areas related to grain and produce	1,013	1,013
	Contracted Services Consulting and Professional Services for Integrated Pest Management Committee, Special Revenue Account	14,000	16,100
Equipment	Replace 2-eight year old computers and maintain vehicle rotation schedule	1,050	1,050

## AGRICULTURAL DEVELOPMENT DIVISION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
	22.08	22.08	21.08	-.37	20.71	21.08	-.37	20.71
Personal Services	513,098.84	568,041	548,584	-5,290	543,294	547,924	-5,281	542,643
Operating Expenses	616,777.49	689,972	550,316	74,621	624,937	552,537	73,998	626,535
Equipment	11,313.21	3,340	3,340	0	3,340	3,340	-40	3,300
Grants	708,947.24	1,229,737	1,229,600	-17,400	1,212,200	1,229,737	-17,400	1,212,337
<b>Total Agency Costs</b>	<b>\$1,850,136.78</b>	<b>\$2,491,090</b>	<b>\$2,331,840</b>	<b>\$51,931</b>	<b>\$2,383,771</b>	<b>\$2,333,538</b>	<b>\$51,277</b>	<b>\$2,384,815</b>
General Fund	196,981.35	221,980	178,613	-4,151	174,462	174,086	-4,631	169,455
State Special Revenue Fund	1,382,317.89	1,945,297	1,884,835	53,747	1,938,582	1,890,760	52,843	1,943,603
Federal Special Revenue Fund	50,165.09	70,611	9,877	2,123	12,000	9,918	2,082	12,000
Expendable Trust Fund	220,672.45	253,202	258,515	212	258,727	258,727	983	259,757
<b>Total Funding Costs</b>	<b>\$1,850,136.78</b>	<b>\$2,491,090</b>	<b>\$2,331,840</b>	<b>\$51,931</b>	<b>\$2,383,771</b>	<b>\$2,333,538</b>	<b>\$51,277</b>	<b>\$2,384,815</b>

### OVERVIEW

The Agricultural Development Division is comprised of three bureaus: Marketing, Rural Development and Wheat and Barley. Division program functions provide for promotion and enhancement of Montana's agricultural industry and overall economic development for the state of Montana.

### GOALS

- To provide overall administration and direction of division programs in a manner consistent with department policy and The needs of Montana's agricultural industry.

### AUTHORIZATION

Principle enabling legislation within the Agriculture Development Division includes:

80-11-101 through 104, MCA      Agricultural Marketing

80-11-301 through 313, MCA	Alfalfa Seed
80-2-101 through 106, MCA	Agricultural Finance
80-2-201 through 245, MCA	Hail Insurance
80-1-101 through 102(2), MCA	Agricultural Statistics
90-9-101 through 402, MCA	Agriculture Development Council
80-11-201 through 224, MCA	Wheat and Barley Committee

### BASE PROGRAM

Division administration provides for overall management of program activity to ensure proper program performance and compliance with department and division policy and goals.

Marketing Program responsibilities correlate very closely with division directives to enhance and promote Montana agriculture through the development of markets or Montana

agricultural products.

The Alfalfa Seed Committee is a seven member committee appointed by the Governor to promote the culture and market development of the alfalfa seed industry.

The Agricultural Finance Program provides for direct loans to rural youth and others initiating investments in agricultural activities.

The State Board of Hail Insurance was created in 1917 to provide a farmer supported hail insurance program. Three of the five member board are appointed by the Governor. The director of the department and the state auditor are also members of the board. Hail insurance coverage may be obtained on any crop grown in the state of Montana.

The Agricultural Statistics Program provides for collection and dissemination of county and statewide agricultural statistics. The program is facilitated through a Federal-State cooperative agreement.

The Agriculture Development Council is a seven member board appointed by the Governor to administer the Montana Growth Through Agriculture Act. The program purpose includes domestic and foreign market development, seed capital loan investments, and other activities intended to promote and enhance Montana agriculture through economic development.

The Wheat and Barley Committee is a seven member committee appointed by the Governor and attached to the department for the purpose of promoting research and market development activities intended to improve the culture and markets for Montana wheat and barley.

## BASE FUNDING

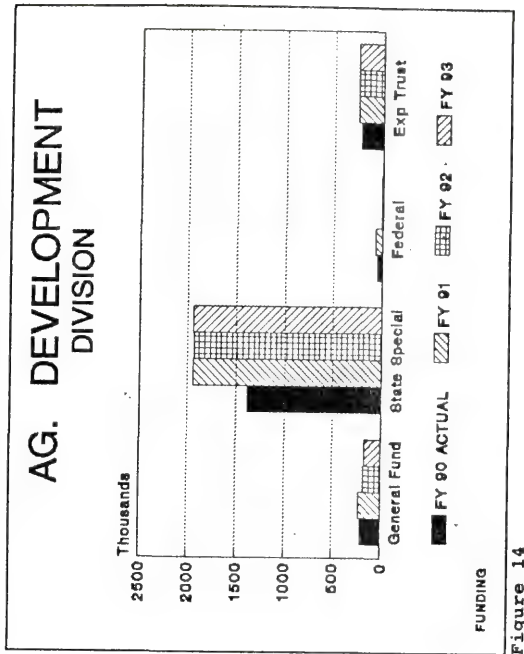
The Marketing, Administration and Agricultural Statistics Programs are funded by a combination of general funds and state special revenue funds. The Agricultural Finance and Hail Programs are funded through expendable trust funds. Alfalfa Seed and the Wheat and Barley Committee are funded through state special revenue derived from assessments on the respective commodities. Finally, the Agriculture Development Council is funded by state special revenue

DEPARTMENT OF AGRICULTURE

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AGRICULTURAL DEVELOPMENT DIVISION

funds derived from coal severance tax proceeds.



# AGRICULTURAL MARKETING & ADMINISTRATION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
	3.67	3.67	2.67	.00	2.67	.00
Personal Services	93,471.17	112,783	82,617	189	82,698	189
Operating Expenses	110,453.48	176,690	31,931	350	32,299	310
Equipment	628.41	0	0	0	0	0
Grants	0.00	1,494	0	0	0	0
Total Agency Costs	\$204,553.06	\$290,967	\$114,548	\$539	\$115,087	\$499
General Fund	130,070.56	152,548	102,415	472	102,869	427
State Special Revenue Fund	36,297.41	77,808	12,133	67	12,128	72
Federal Special Revenue Fund	38,185.09	60,611	0	0	0	0
Total Funding Costs	\$204,553.06	\$290,967	\$114,548	\$539	\$115,087	\$499

## OVERVIEW

The Agricultural Development Division is comprised of three bureaus: Rural Development, Marketing and Wheat and Barley. The primary purpose of the division and its administration is to enhance and promote Montana agriculture through programs directed at improving current and future economic conditions within the state's agricultural industry and the state of Montana.

The Marketing Program is located within the Marketing Bureau. The primary intent of the Marketing Program is to provide market development, enhancement and promotion assistance to Montana agricultural producers and businesses. Activities include market research, in-state and regional promotion of Montana raw and processed products, and direct assistance to Montana businesses in marketing their products domestically and internationally.

## GOALS

Primary goals of the Marketing Program include:

- o Develop domestic markets for Montana's Agricultural

raw products and value added products.

o Develop international markets by hosting trade teams and making foreign office inquiries into business opportunities available to Montana companies.

o Provide trade/export assistance to businesses entering international markets.

o Assist Montana companies with raw and value added product development for domestic and international marketing.

o Conduct market research domestically and internationally.

o Investigate specific promotions such as retail mail order catalogs, in-store promotions, restaurant promotions and others.

o Continue to develop and expand the electronic bulletin board to assist in the flow of reliable information to the Montana agricultural industry.

## **AUTHORIZATION**

80-11-101 Defines Montana Department of  
through Agriculture market development  
104, MCA responsibilities.

80-1-101 Defines department information services  
and and general responsibilities to Montana  
102, MCA agriculture.

## **BASE PROGRAM**

### **Domestic and Foreign Market Development --**

The Department of Agriculture Marketing Program actively assists Montana Agricultural producers and processors in marketing their products in both domestic and foreign markets. The assistance can range from in-state market acceptance tests to assistance in developing markets in Japan, The Republic of China on Taiwan, Singapore, Malaysia and other foreign countries.

The program provides for product and label acceptance reviews in several countries.

The program also hosts many foreign trade teams and plans, coordinates and participates in trade shows in Montana, regionally, nationally and internationally. A recent food show in the Republic of China on Taiwan awarded the Montana booth the honor of being the #2 out of 1,000 booths present. Participants were from nearly every country in the free world. A recent in-state promotion resulted in one producer selling all of the products he brought, over two times the amount he had ever sold in a similar show.

The program publishes a number of information resource materials such as a buyers guide listing over 700 agricultural and food companies and associations, a "Grain Movement Report" and other promotional literature.

### **Market Development/Support --**

This fall the marketing program was selected as an association member to administer federal grant monies,

(Targeted Export Assistance (TEA)), provided through the Western United States Agricultural Trade Association (WUSATA). The WUSATA grant provides for promotion of processed and fresh goods in Singapore and Malaysia. The promotion is intended for interested states and food companies from the Western United States and gives Montana products a unique opportunity to explore these markets with very little expense or risk. Promotions include a large supermarket chain in Malaysia and another large chain in Singapore. There will be fresh food promotions at two major restaurant chains.

Support of the foreign offices in Japan and Taiwan has become a major concern of the marketing program. We have assisted Montana businessmen including hay producers, cattle ranchers, traditional and non-traditional farmers, food processors and others in developing markets in Japan and Republic of China (R.O.C.) on Taiwan. Examples include a rancher who sold \$125,000 worth of live cattle to a Japanese company as a result of hosting a trade team. A Montana food processor recently developed a contract worth over \$300,000 by working with the marketing program during the past two years.

We have found it to be extremely important to have representatives in Montana to assist producers in doing business in the Pacific Rim. The Japanese trade office has been instrumental in increasing exports to Japan. The growth experienced could only be attained through joint efforts of Japanese and Montana staff persons introducing buyers and sellers.

The marketing program has hosted several trade teams and private businessmen from Japan and the R.O.C. on Taiwan in the past years. Most notable was the latest wheat procurement mission from the R.O.C. on Taiwan. The mission resulted in the purchase of a record 17.8 million dollars worth of Montana wheat.

### **Export Assistance:**

The marketing program is actively involved in promoting Montana's agricultural products in the world market place. The program offers export assistance to Montana's agricultural producers by developing sales leads, providing export advice, promotion at international trade shows,



utilizing the USDA Target Export Assistance program to open new markets, hosting foreign trade teams, and conducting market research. A program priority includes developing the value added component of Montana's agricultural industry and to aggressively market these products domestically and overseas.

#### **Market Research:**

The marketing program conducts research in the fields of agricultural production, distribution and marketing. This market research has led to the identification of niche markets for some of Montana's processed foods, potential alternative crops for agricultural producers, and has reduced the cost of distribution for export of various agricultural products.

#### **Agricultural Marketing Bulletin Board:**

The Agricultural Marketing Bulletin Board (AMBB) was established by the marketing program to provide the agricultural industry with timely and accurate information on a wide range of agricultural topics and statistics. Given the vast geographic area of Montana and the western region, the AMBB serves as an effective method of bringing people and ideas together. Information on the AMBB includes, market price reports, alternative crops information, agricultural statistics, drought and wintering guides, the Montana agricultural buyers directory, snowpack and precipitation reports, news reports from Montana State University, computer programs and other materials. One of the most successful aspects of the AMBB has been the hay marketing area. Started in 1988 during a period of severe drought the AMBB served as a tool for listing hay available throughout the west. Subsequently in the 1989 crop year when Montana had an abundance of hay the AMBB hay listing was used extensively by other states particularly in the Midwest to locate hay for their drought afflicted regions.

#### **Alternative Crops:**

A Federal/State Market Development Program grant from USDA was recently completed. The grant was for the study of Alternative Crops in the state. This program was conducted in cooperation with Montana State University (MSU). Crops were identified, researched and ranked. A report on each

of the 10 most promising crops was published and is being distributed to Montana producers.

The Department was a leading force in the formation of the Great Northern Botanicals Association (GNBA). The GNBA started as an information source and is now developing into a marketing association for alternative crops.

#### **Promotions:**

The marketing program has developed a theme promotion "Tastes of the Treasure State" to promote Montana food products in state, regionally, nationally and internationally. This year the promotion concentrated on the major county fairs, farm shows and forums, one national trade show and an international trade show. The instate promotions have been especially successful. Montana companies are now reserving space in advance of future promotions.

#### **Business Recruitment:**

The marketing program has been involved with recruitment of various agricultural businesses to Montana. The recruitment has a focus on businesses that will create jobs and create opportunities for agricultural producers in the state.

These recruitment overlap with other charges within the Marketing Bureau including the Growth Through Agriculture, Seed Capital Loan and Market Development Programs.

#### **BASE FUNDING**

Funding for division administration and the marketing program is provided by the general fund with the exception of \$3,700 state special revenue funds received from the Wheat and Barley Committee for the purpose of conducting the annual grain movement summary.

# PERFORMANCE INDICATORS

	Actual FY 89	Projected FY 90	Projected FY 91
Trade Teams	3	3	5
Trade Shows	2	2	2
Referrals and Inquiries	250	250	250
Grain Movement Report	1	1	1
Buyers Guide	1	1	1
Promotional Literature	2	2	2
Market Studies	0	2	2
Miscellaneous Studies	1	1	1
Electronic Bulletin Board	1	(Continued)	1
Foreign Promotions	0	1	1

- 1) Trade teams: create immediate sales and long term interest in investing in Montana through purchase of Montana products.
- 2) Trade shows: create immediate sales of 5 to 1 sales to state costs and long term contracts and orders of a minimum of 10 to 1.
- 3) Referrals and Inquiries: respond to all inquiries in a timely fashion.
- 4) Buyers Guide and Promotional Literature: publish timely and accurate listings of Montana agricultural businesses and develop generic promotional materials for selected Montana agricultural products.
- 5) Market Studies: market studies will be considered to continue or support present industry studies on a co-operative basis. Industry support is measured in matching funds (hard match) and direct involvement.
- 6) Electronic Bulletin Board: continued industry usage and expanded information source.
- 7) Foreign Promotions: Immediate sales, long term sales and industry support in the first two years. After that time a direct 10-1 sales to costs figure should be realized.

# **Increases or Decreases from Base**

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base:			
Personal Services.	Workers Compensation rate increase	189	189
Operating.	Increased Dues to Western United States Agricultural Trade Association. Dues are computed based upon value of exports from the state, which have increased.	350	310
Total		\$539	\$499

# AG FINANCE

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
	1.66	1.66	1.66	.00	1.66	1.66	.00	1.66
Personal Services	38,805.19	46,027	45,611	101	45,712	45,553	102	45,655
Operating Expenses	10,375.25	13,817	14,362	17,538	31,900	14,616	17,564	32,180
Equipment	1,067.35	100	100	392	492	100	-100	0
Grants	17,132.10	20,000	20,000	-17,400	2,600	20,000	-17,400	2,600
Total Agency Costs	\$67,379.89	\$79,944	\$80,073	\$631	\$80,704	\$80,269	\$166	\$80,435
Expendable Trust Fund	67,379.89	79,944	80,073	631	80,704	80,269	166	80,435
Total Funding Costs	\$67,379.89	\$79,944	\$80,073	\$631	\$80,704	\$80,269	\$166	\$80,435

## OVERVIEW

The Agricultural Finance Program administers assets of the former Montana Rural Rehabilitation Corporation which was established in 1937 to provide financial relief to farmers and ranchers. In 1970 a portion of these assets were directed to the Montana Department of Agriculture to be administered under terms of a use agreement with the United States Department of Agriculture, Farmers Home Administration. The use agreement specifies that the assets may be used for the purpose of aiding Montana's sub-standard income rural families.

## GOALS

- To aid in the improvement of sub-standard income rural families in Montana by making direct below market interest rate loans for agricultural purposes and providing grants for rural community development and education.

## AUTHORIZATION

80-2-101 Provides for federal use agreement and through designates the department as administering 106, MCA agency.

## BASE PROGRAM

## Grant Programs --

The budget for grants in FY 91 is \$20,000 of which approximately \$17,400 will be used for the Young Ag Couples Conference to expose approximately 40 agricultural couples to contemporary issues that relate to family operated agribusiness, \$2000 is available competitively to 4-H Clubs and Future Farmers of America Chapters to assist in funding Rural Community Development Programs, and \$600 is awarded annually to three Future Farmers of America chapters for outstanding work in their Building Our American Communities Program.

## Loan Programs --

Currently, there are three active loan programs which include Junior Agriculture, Rural Assistance, and Subordination loans. Interest rates on loans are established yearly upon approval by the department director, not to exceed the rates charged by private lenders. The interest rate for loans made during FY 91 is 8.5% simple interest.

The Junior Agriculture Loan Program is available to young agricultural people between the ages of 8 and 21 who are typically members of agricultural youth organizations such as Future Farmers of America or 4-H. The loans may be used for funding agricultural projects related to production, processing, or marketing of agricultural commodities. The maximum for an individual loan is \$7000 and the repayment period may not exceed five years. Applicants are required to have their applications reviewed by a three member local loan committee, one member of which acts as project supervisor for the duration of the loan. Financial officers from private banks donate their services to assist the young borrowers to understand the process of assuming the responsibility of a loan and actually close most of the loans.

The Rural Assistance Loan Program offers loans to applicants who are a minimum of eighteen years of age, have assets of less than \$150,000, and whose net worth does not exceed \$50,000. Loans may be used for the purchase of livestock, real estate, equipment, operating expenses, or capital improvements. Loans may not exceed \$25,000. The repayment term on a Rural Assistance Loan may not exceed ten years on real estate or seven years on loans for all other loan purposes.

The Subordination Loan Program provides operating funds to Farmers Home Administration borrowers. The program will provide (on approved applications) operating funds not to exceed 60% of the collateral value subordinated to the Montana Department of Agriculture by the Farmers Home Administration.

The Agricultural Finance Program provides developing agriculturalists with the necessary finances to begin an

agricultural career through the Junior Agriculture Loan or the Rural Assistance Loan or to continue to improve their present operation with the assistance of a Subordination Loan. The program provides for a much needed niche in agricultural financing between private commercial lenders and the Farmers Home Administration and is well accepted in the financial community.

## BASE FUNDING

Agricultural Finance Program funds are expendable trust funds provided through a federal use agreement allowing the program to use up to 3 percent of the program assets for administration and one percent for grants. Effective program management and interest earnings associated with loans and STRIP investments currently provide for annual growth in program assets.

## PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Junior Agriculture				
Loans	139	140	140	140
Rural Assistance				
Loans	28	34	40	46
Subordination				
Loans	14	17	20	24
Assets	\$2,272,584	\$2,372,578	\$2,476,971	\$2,585,958

# **Increases or Decreases from Base**

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base:			
Personal Services.	Workers Compensation rate increase.	101	102
Operating.	During OLA's financial compliance audit, the auditor noted that grant expenditures only be used for funds which have been granted to entities outside the department. Since the grant the department receives to conduct the Young Agricultural Couples Conference is not outside the department \$17,400 has been transferred from grants to operations to establish levels for recording of expenditures.	17,538	17,564
Equipment.	FY92 increase reflects need to upgrade computer software.	392	-100
Grants	See discussion under Operating.	-17,400	-17,400
Total		\$ 631	\$ 166

# AGRICULTURAL DEVELOPMENT COUNCIL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	2.00	2.00	2.00	.00	2.00	2.00	.00	2.00
Personal Services	70,067.69	48,324	58,858	133	58,991	58,722	133	58,855
Operating Expenses	64,195.53	40,739	39,916	100	40,016	39,965	100	40,065
Equipment	283.99	0	0	1,650	1,650	0	1,650	1,650
Grants	50,065.62	208,907	210,264	0	210,264	210,401	0	210,401
Total Agency Costs	\$184,612.83	\$297,970	\$309,038	\$1,883	\$310,921	\$309,088	\$1,883	\$310,971
State Special Revenue Fund	184,612.83	297,970	309,038	1,883	310,921	309,088	1,883	310,971
Total Funding Costs	\$184,612.83	\$297,970	\$309,038	\$1,883	\$310,921	\$309,088	\$1,883	\$310,971

## OVERVIEW

The Agriculture Development Council, established through the Montana Growth Through Agriculture Act (MGTA), administers less than 1% of the total annual coal severance tax dollars collected, to strengthen and diversify the agricultural industry.

The economic development programs provided through the MGTA allow the state to leverage coal tax funds with private capital to improve the agricultural business climate in Montana and enhance the economy of the state and agriculture through investments in innovations in agricultural production, processing, marketing, and trade development. Administered through the Montana Department of Agriculture, the Council is comprised of seven members appointed by the Governor. It consists of the directors of the departments of Agriculture and Commerce, and five persons who are or have been actively engaged in agriculture.

The purpose of the MGTA is to "strengthen and diversify" the state's agricultural industry by creating a public/private partnership to invest in innovations in agricultural research, production, processing, and

marketing. The intended result of the MGTA is to keep pace with a transforming agricultural industry, create new jobs and expand business opportunities.

In spite of its relatively modest funding level, the Growth Through Agriculture Act ambitiously outlines seven mandatory program activities to be pursued. The Council is charged with:

## GOALS

- o Establish policies and priorities to enhance the future development of agriculture in Montana.
- o Make seed capital investments for development and commercialization of new products and processes.
- o Assist in enhancing domestic and foreign markets for Montana agricultural products.
- o Place an export marketing specialist in Japan.
- o Cost-share in foreign agricultural trade missions.
- o Provide professional assistance to persons who apply for the purpose of developing export sales.



- o Assist in the creation of agricultural business incubators.

## **AUTHORIZATION**

- 90-9-101 General investment and market development through provisions of the Montana Growth through Agriculture Act.
- 2-15-1817 Provides for the establishment of the MCA Agriculture Development Council.
- 15-35-108 Provides for statutory appropriation of coal severance tax funds.  
MCA

## **BASE PROGRAM**

While still in its formative stage, the MGTA has achieved remarkable success with its longest running financial commitments. The Council is mandated by enabling statute to place a foreign trade representative in the Pacific Rim to stimulate Montana exports. Since placement of the trade representative in 1987, Montana's exports have risen from \$240 million in 1987 to \$350 million in 1988, an increase of 46%. 1989 figures are anticipated to reflect a continued growth in Montana exports.

The Montana Department of Agriculture has initiated market development activities funded through a grant from the Council. The grant has provided: alternative crop research necessary to position the Montana agricultural industry for federal crop program changes; the formation of a quality hay association to penetrate the domestic quality hay market and to export hay overseas; promotion of Montana's process food industry; recruitment of a potential beef packing facility; and many other market development and trade assistance activities.

Another activity of the Council is the recruitment of foreign trade teams to Montana. The most notable success in this regard was hosting the Republic of China wheat buying mission to Montana. This trade team purchased \$17,000,000 of wheat from Montana producers, which results in a significant return on investment for the state.

The market development and research grants will result in a pool of information necessary for the development of new agricultural products and processes. Market research and market development projects now underway are exploring methods of adding value to Montana's raw agricultural products.

Implementation of the seed capital portion of the Growth Through Agriculture Act was delayed pending resolution of the White Case which contested the constitutionality of the similar Montana Science & Technology Alliance loan program. The Supreme Court ruled the loan program unconstitutional as defined in the enabling statute. Subsequently, the 1989 Montana legislature passed legislation which corrected this problem. The seed capital activity is now available to the Agriculture Development Council and several loans have been closed.

The seed capital loan program offers loans to entrepreneurs interested in investing in new and innovative projects, for example, the formation of a Montana waxy hullless barley processing industry. The research and market development grants will work hand in hand with seed capital loans to spur development in the agricultural sector of Montana's economy.

The Montana Growth Through Agriculture Act represents a program which is unique to agriculture that provides Montana a cost effective method of spurring economic growth through a symbiotic public-private sector partnership.

## **BASE FUNDING**

The Growth Through Agriculture Program is funded through a statutory appropriation of the state special revenue fund. Revenue amounts may vary significantly between fiscal years depending upon coal extraction in the state.

## PERFORMANCE INDICATORS

- o Develop 5 year plan for the economic advancement of Montana Agriculture as it relates to this act.
- o Make new loans to innovative agricultural businesses to assist them in making their project bankable and provide for creation of new jobs.
- o Assist Montana agricultural processed foods companies with their marketing efforts locally, regionally, nationally and internationally. Promotions should result in 10-1 ratio sales to costs.
- o Fund a portion of the international trade office in Japan and the Republic of China.
- o Host 3 to 5 foreign trade teams per year.
- o Provide assistance to a minimum of 3-5 new companies each year in entering the international export business along with continuing assistance to those companies who are presently doing export business.
- o Investigate the feasibility of assisting rural agricultural businesses through the use of agricultural business incubators.

	FY 90	FY 91	FY 92	FY 93
Market Enhancements	8	8	8	8
Seed Capital	10	10	10	12
Incubator	1	0	1	0
Market Development Studies	2	2	3	2
Trade Shows	2	2	3	3
Montana Product Promotions	3	3	3	3
Trade Team Promotions	3	3	3	4
Foreign Trade Office Support	-	-	Continuing	-

# **Increases or Decreases from Base**

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base:			
Personal Services.	Workers Compensation increase	133	133
Operating.	Reflects messenger service cost increase	100	100
Equipment.	Reflects anticipated replacement of older printer, software upgrades and minor office equipment purchases in FY92 and replacement of old computer terminal in FY93.	\$1,650	\$1,650
Total		\$1,883	\$1,883

# ALFALFA SEED COMMITTEE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.33	.33	.33	.00	.33	.33	.00	.33
Personal Services	1,834.46	9,618	9,376	23	9,399	9,420	23	9,443
Operating Expenses	8,729.59	11,413	11,486	1,374	12,860	11,524	1,371	12,895
Equipment	90.95	0	0	0	0	0	0	0
Total Agency Costs	\$10,655.00	\$21,031	\$20,862	\$1,397	\$22,259	\$20,944	\$1,394	\$22,338
State Special Revenue Fund	10,655.00	21,031	20,862	1,397	22,259	20,944	1,394	22,338
Total Funding Costs	\$10,655.00	\$21,031	\$20,862	\$1,397	\$22,259	\$20,944	\$1,394	\$22,338

## OVERVIEW

The Montana Alfalfa Seed Industry Act was enacted to assist the alfalfa seed industry to develop and expand in Montana. As a fledgling industry it was unable to obtain and disseminate information to the growers necessary to improve crops and marketing opportunities. Over the past several years the council has entered into contracts aimed at improving yields, pest control, etc. They also fund an annual survey, conducted by the Agricultural Statistic Service in Helena, to assess total acres, yields, marketings, etc.

The alfalfa seed industry has been hampered by the recent drought years as it receives its funding based on yields. The past two seasons have shown increased yields that have provided an increase in revenue. This will enable funding additional studies to benefit the industry.

## GOALS

- o Develop and improve control measures for diseases and pests which attack alfalfa pollinators.
- o Improve alfalfa seed growing culture and markets as well as resulting alfalfa hay production.

- o Disseminate information to growers and promote alfalfa seed production.

## AUTHORIZATION

2-15-3004 Establishes Alfalfa Seed Committee.  
MCA

80-11-301 Establishes assessment on alfalfa seed and through defines provisions of program activity.  
313, MCA

## BASE PROGRAM

Activities of the Alfalfa Seed Industry Act are decided upon by the Alfalfa Seed Committee. The committee meets on a regular basis to discuss the condition and direction of the industry, review problems and opportunities, and to hear proposals from prospective contractors for studies to improve the industry.

Over the past few years a number of contracts for research and marketing have been issued. Those contracts have helped to improve seed varieties and grower practices. Additional monies were used to publish and make the results available to the grower.

## BASE FUNDING

The Alfalfa Seed Committee and related program are funded through state special revenue funds based upon a 1/2 of 1 percent assessment on the price of seed at the first point of sale on all alfalfa seed sold. Funding levels vary significantly as a result of weather conditions throughout the state.

## PERFORMANCE INDICATORS

The Alfalfa Seed Program is charged with development and promotion of alfalfa seed. The Committee contracts for research work, and seed and crop improvement, and marketing studies. The program funding includes an assessment on all alfalfa seed sold.

	Actual FY 90	Projected FY 91	Projected FY 92	Projected FY 93
Production Stats/Survey	1	1	1	1
Research & Market Development Contracts	3	3	3	3

Other performance indicators include:  
Improved yields of alfalfa seed.  
Improved quality of alfalfa seed.  
Increased acreage and income for producers.

# **Increases or Decreases from Base**

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base:			
Personal Services.	Workers Compensation rate increase	23	23
Operating.	Increase is due to added data network service costs and increased level of travel to allow attendance at the annual regional organization conference.	<u>\$1,374</u>	<u>\$1,371</u>
Total		\$1,397	\$1,394

# HAIL INSURANCE PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	6.30	6.30	6.30	.00	6.30	6.30	.00	6.30
Personal Services	114,459.31	130,633	133,774	309	134,083	133,460	310	133,770
Operating Expenses	37,238.50	40,675	42,718	822	43,540	43,095	807	43,902
Equipment	1,594.75	1,950	1,950	-1,550	400	1,950	-300	1,650
Total Agency Costs	\$153,292.56	\$173,258	\$178,442	\$-419	\$178,023	\$178,505	\$817	\$179,322
State Special Revenue Fund	0.00	0	0	0	0	0	0	0
Expendable Trust Fund	153,292.56	173,258	178,442	-419	178,023	178,505	817	179,322
Total Funding Costs	\$153,292.56	\$173,258	\$178,442	\$-419	\$178,023	\$178,505	\$817	\$179,322

## OVERVIEW

The Hail Insurance Program has been in place for 73 years. The program was enacted in 1917 to offer insurance to grain producers who were not able to obtain private insurance due to either availability or high rates.

The purpose of the Hail Insurance Program is to offer hail insurance coverage on any crop grown in Montana to Montana producers at the coverage rate allowed by statute.

The program is self supporting through an expendable trust fund. A reserve of approximately 4.5 million dollars is funded through premiums paid by participating producers. The state's general fund receives 1.5 percent of the total annual premiums written, or approximately \$50,000, while the counties receive 2.0 percent or approximately \$65,000. The program also contributes approximately \$25,000 per year toward indirect expenses of the department.

## GOALS

- o The primary goal of the Hail Insurance Program is to offer hail insurance to crop producers at actual cost and thereby improve their financial capacity and the economic well being of the industry and the state.

- o Provide crop insurance coverage to reduce the risk of producing crops in Montana and improve the overall economic climate within local and state economies.

## AUTHORIZATION

2-15-3003 Established State Hail Board.  
MCA

80-2-201 Establishes provisions of program activity and through insurance rates on insured crops.  
245, MCA

## BASE PROGRAM

The state Hail Board sets premium rates to reflect the actual cost of hail insurance by using the historical data on losses and premiums collected. The rates are set on a county base. The program is self supporting and generates general fund revenue to the state. Since the program deals with acts of God, (hail storms) it is difficult to predict what amount of damage may occur. Section 80-2-222(4) MCA allows the Board to refund excess premiums over losses paid to producers.



The program will insure a producer against hail damage on all acres up to the maximum coverage set by statute. Policies are written through local county assessors and treasurers offices.

#### BASE FUNDING

The Hail Insurance Program is funded through an expendable trust fund comprised of net insurance premiums paid and interest earnings from investment interest earnings. Revenues vary considerably from year to year depending upon the quality and value of various crops, weather conditions and resulting losses due to hail storms.

#### PERFORMANCE INDICATORS

Annual Projected Performance				
	FY '90	FY '91	FY '92*	FY '93*
Policies	3,266	2,827	2,687	2,687
Premiums	\$61,612	\$3,160,792	\$2,787,647	\$2,787,647
Claims	488	787	448	448
Losses	\$446,959	\$3,666,923	\$1,267,139	\$1,267,139

\* Projections are based upon the past five year historical averages.

#### Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	Workers Compensation rate increase	309	309
Operating.	Increase primarily due to renegotiation of contract to provide actuarial evaluation of insured risk and reserve fund balance.	822	807
Equipment	Reduction based upon existing age and performance of equipment, anticipated replacement of a computer not necessary until FY93. FY92 expenditure for computer software upgrade only.	-1,550	-300
Total		\$-419	\$817

# AGRICULTURAL STATISTICS PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	4.00	4.00	4.00	-.25	3.75	4.00	-.25	3.75
Personal Services	85,938.20	93,292	95,427	-4,612	90,815	95,389	-4,607	90,782
Operating Expenses	21,421.50	23,235	23,034	1,112	24,146	23,044	1,117	24,161
Equipment	567.49	398	398	0	398	398	-398	0
Total Agency Costs	\$107,927.19	\$116,925	\$118,859	\$-3,500	\$115,359	\$118,831	\$-3,888	\$114,943
General Fund	66,910.79	69,432	76,198	-4,623	71,575	71,217	-5,058	66,159
State Special Revenue Fund	29,036.40	37,493	32,784	-1,000	31,784	37,696	-912	36,784
Federal Special Revenue Fund	11,980.00	10,000	9,877	2,123	12,000	9,918	2,082	12,000
Total Funding Costs	\$107,927.19	\$116,925	\$118,859	\$-3,500	\$115,359	\$118,831	\$-3,888	\$114,943

## OVERVIEW

The Montana Department of Agriculture and the National Agricultural Statistics Service, USDA, cooperatively serve the agricultural industry of Montana, allied interests and the general public in collection, compilation, and publication of agricultural statistics.

## GOALS

- o Provide high quality, unbiased agricultural statistics.
- o Publication of survey summaries and agricultural data in an annual Montana Agricultural Statistics Bulletin.
- o Issue weekly crop-weather bulletins and bi-monthly newsletters to keep agricultural producers and the public informed about current survey results, precipitation data, the economic situation, and crucial issues.
- o Provide bi-weekly radio summaries and television reports on agricultural statistics.

- o Posture data collection activities to respond to the need for:

-- Data on agricultural production, prices, returns, and expenditures.

-- Measuring the impact of fertilizers and pesticides on agricultural productivity and profitability.

- o Support special requests by the state of Montana, Montana Wheat and Barley Committee, Montana Wool Growers, Montana State University, and others for statistical data on production, marketing, disaster damage, predators, farm finances, and other crucial issues.

## AUTHORIZATION

80-1-101 and  
102 (2) MCA

Provides that the department shall collect and publish agricultural statistics.

81-23-302 MCA

Provide dairy farmers production costs used in the milk pricing formula.

77-6-507 MCA

Provide cattle prices producers receive for use by the Department of State Lands in state grazing fee formulas.

Rules 42.21.122 ARM Provide cattle, sheep and lamb prices received by producers in assessment of value for Montana Department of Revenue. Disaster Assistance Act 1989:

PL# 101-82  
(Aug 14, 1989)

Determination of county yields for disaster declaration and payment.

Food Security Act Determination of county check yields. of 1985:  
PL # 99-198

## BASE PROGRAM

The Montana Agricultural Statistics Service is a cooperative federal-state activity. The cooperative agreement funding is 87 percent federal, 9 percent state general fund and 4 percent other funding. The purpose of the program is to collect, compile, and publish a comprehensive set of agricultural statistics to serve the marketing needs of producers and to support both state and federal programs. The data is also used to promote Montana agricultural products and to attract and develop agriculturally-related industries. Specific sub-activities are:

o The Montana Agricultural Statistics Bulletin

-- A summary report of Montana agricultural statistics is published annually (not available from other sources). Four thousand copies are printed and distributed to producers, Montana universities, state government and the agricultural industry.

-- Total FY '90 printing and distribution costs were \$5,470 with \$3,970 for printing and \$1,500 for distribution. Farmers and ranchers and others who through survey participation provide input data to

the publication receive a free copy upon request. Others pay \$5.00 per copy. The bulletin is funded from the general fund during the first year of the biennium. In the second year funding is provided through revenue collected from bulletin sales in the state special revenue fund.

-- The bulletin provides a comprehensive record of Montana's agricultural production since 1867. The county and district data provides users with the type and amount of production by locality. This data is vital in evaluating the best location for related shipping and processing facilities.

-- The bulletin has been a valued asset as a gift to foreign trade teams and has helped to promote the sale of Montana products.

o

Computation of county-level statistics for Montana for all major crops and livestock. State-level statistics are funded by National Agricultural Statistics Service while county and district data are funded by the state or other federal agencies. Statistics provided are acreage, yield, and production for all major crops and livestock inventories.

-- Data was used in 1988-89 to determine normal county yields in computing drought and winter kill disaster losses.

-- Data is used for ASCS county check yields .

-- Data is used to show impact of extraneous programs on agriculture (example: EPA proposal to restrict use of certain pesticides in endangered species areas.)

-- Statistics identify major crop and livestock production areas to determine transportation, storage, and other service requirements and to evaluate economic impact of floods, drought, storms, pests, or diseases.

- Statistics identify target areas for economic development.
- o Maintain a master list of over 20 thousand Montana farm and ranch operators. Under the federal-state cooperative agreement provides:
  - Statistical support services to the Montana Department of Agriculture including special surveys such as farm financial condition, wild life damage and grain movement.
  - Sampling services for Montana State University, Department of Natural Resources, the Montana Woolgrowers, and others.
  - DNRC weekly soil moisture data by Agricultural Statistics Districts.
  - Milk Control Board monthly dairy feed and hay prices.
  - State Lands annual grazing fee survey results.
  - State Department of Revenue prices received for cattle, sheep and lambs weighted by monthly sales.
  - o Provide accurate, reliable, unbiased agricultural statistics using state-of-the-art sampling techniques and collection methodology.
  - Provide radio public service announcements covering agricultural statistics, 2 per week to 16 Montana radio stations.

#### BASE FUNDING

Base activity funding sources appropriated to the states participation in the cost of the Agricultural Statistics Service amounts to approximately 13 percent. State general funds average approximately 63 percent, state special revenue (Wheat and Barley Committee) approximately 28 percent, and federal postage reimbursements 9 percent of the state share.

Base general funds vary as the agricultural statistics bulletin is funded by general funds during the first year of the biennium and state special revenue (fees collected from the two year sales of the bulletin) in the second year.

# PERFORMANCE INDICATORS

PUBLICATION	-- PUBLICATIONS ISSUED AND ANNUAL RECIPIENTS --			
	FY'90	FY'91	FY'92	FY'93
	ISSUES PUBLISHED AND (RECIPIENTS)			
Agricultural Statistics Bulletin	1	1	1	1
Crop & Livestock Reporter	24	24	24	24
Weekly Crop-Weather	35	35	35	35
Press Releases	103	103	103	103
Grain Movement Summary	2	2	2	2
Montana Sheep and Lamb Losses	1	1	1	1
Montana Agricultural Facts	1	1	1	1
Montana's Rank	1	1	1	1
Wheat Utilization	1	1	1	1
Wheat & Barley Varieties	1	1	1	1

## Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	.25 FTE reduction and resulting cost decrease due to transfer of FTE to CV 25020. Reduction possible due to reorganization within the Agricultural Statistics Service USDA.	-4,612	-4,607
Operating.	Increase associated with increased report mailing/postage expenses. Reimbursement provided from USDA under state-federal cooperative agreement.	1,112	1,117
Equipment.	FY92 equipment reflects software upgrades. No purchase anticipated in FY93.		
Total		\$-3,500	\$-3,888

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Dscr	Base	Incr/Dscr
Full Time Equivalent Employees	4.12	4.12	4.12	- .12	4.00	4.00
Personal Services	108,522.82	127,364	122,921	-1,433	121,488	121,251
Operating Expenses	364,363.64	383,403	386,869	53,325	440,194	440,723
Equipment	7,080.27	892	892	-492	400	0
Grants	627,882.85	999,336	999,336	0	999,336	999,336
<b>Total Agency Costs</b>	<b>\$1,107,849.58</b>	<b>\$1,510,995</b>	<b>\$1,510,018</b>	<b>\$51,400</b>	<b>\$1,561,418</b>	<b>\$1,561,310</b>
State Special Revenue Fund	1,107,849.58	1,510,995	1,510,018	51,400	1,561,418	1,561,310
<b>Total Funding Costs</b>	<b>\$1,107,849.58</b>	<b>\$1,510,995</b>	<b>\$1,510,018</b>	<b>\$51,400</b>	<b>\$1,561,418</b>	<b>\$1,561,310</b>

The Montana Wheat and Barley Committee (MW & BC) was established as the result of the 1967 legislature's response to the state grain producer's request for authority to institute a "self-help" program. This producer funded and directed organization has as its purpose, by state statute, "...encouraging and promoting intensive, scientific, and practical research into all phases of wheat and barley culture and production, marketing, as well as into the development of markets for wheat and barley grown in Montana."

The goal of the Montana Wheat and Barley Committee is to provide for research and marketing activities that will benefit the Montana wheat and barley industry through production improvements, enhanced marketing opportunities and economic returns.

2-15-3002, MCA Establishes Montana Wheat and Barley Committee.

A key role of the MW & BC is a conduit between the "wants and needs" of the international market place and the research community. The marketing function of the MW & BC is far larger than helping to provide a foreign customer with a usable Montana product. The MW & BC directors serve on the boards of two major producer-funded international market development organizations through the Committee's financial support of U.S. Wheat Associates, Inc. and the

U.S. Feed Grains Council. These farmer owned and financed non-profit working director boards control programs in more than 100 countries around the world through 26 overseas and 3 domestic offices. The result is a large international network of trade servicing, technical assistance, market information and analysis, and consumer promotion, all aimed at increased demand for Montana grain in the spectrum of U.S. quality.

Montana's number one customer, Japan, who buys one out of every three bushels of the wheat grown in this state, serves as an excellent example of what a market development organization, in this case U.S. Wheat Associates, Inc., can do. Today's U.S. share of nearly 60 percent of the 185 million bushel Japanese wheat market compares with only 32 percent of a 95 million bushel market in 1960. In addition, with the initial assistance of U.S. Wheat sponsored technicians, the Japanese baking industry has developed into one of the most modern and efficient industries in the world. It is this advanced technology that allows Montana's high gluten strength, hard milling wheat to be sold to Japan for \$165 million last year.

The MW & BC has labored to mitigate transportation costs, because freight is subtracted from the price offered to farmers for their grain. The MW & BC works on transportation issues, in concert with state efforts, melding together public and private expertise.

A primary activity of the MW & BC program and budget is education. The Committee must tell its constituent, the Montana wheat and barley producers, what is done with their assessment dollars, and provide information to the "man in the field" on a host of practical and economically beneficial topics. This involves information that aids in marketing decisions. (For example MW & BC funded statistics through the statistical reporting service or the three times per day updated price reporting system on the MW & BC toll-free market news program). The committee provides for information transfer to producers on research that is of economic use on the farm. The MW & BC has felt the need to communicate to the non-farming public the importance of wheat and barley production impacts on economic and social issues. This is accomplished through support of Ag in Montanan Schools and the national information systems called WETEC. The MW & BC has provided

scholarships to college students to insure that Montana will a future with a new generation of problem solvers for the wheat and barley industry.

## BASE FUNDING

Wheat and Barley Committee state special revenues funds are derived from a 10 mills per bushel and 15 mills per hundred weight assessment respectively on all wheat and barley grown and sold through commercial channels in Montana.

The Committee has a difficult time estimating annual revenue projections. Revenue is derived from the sale of wheat and barley with budget expenditures dependant on the volume of each crop year. Weather conditions have a significant impact on program and activity.

## PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Wheat and Barley Marketing Program: Grants Awarded	14	15	15	15
Trade Teams	13	14	14	15
Research				
Grants Awarded	14	20	18	20
Education/Inform. Services				
Grants Awarded	23	24	24	24
Market Inquiries	23,490	26,500	27,000	27,000
Publications	6	18	16	17
Scholarships Awarded	6	8	8	8
Trade Shows	3	3	3	3
Transportation				
Grants Awarded	4	4	4	4
Wheat Monitored*	125,000	125,000	125,000	125,000
Barley Monitored*	60,000	60,000	60,000	60,000
*(Mil. Bu.)				



# Increases or Decreases from Base

<u>Item</u>	<u>Explanation</u>	<u>Fiscal 1992</u>	<u>Fiscal 1993</u>
Changes in base:			
Personal Services.	Decrease due to .12 FTE reduction and transfer to CV25020. Reduction possible as .12 FTE not used after addition of 1 FTE in FY90.	-1,433	-1,431
Operating.	Net increase attributable to increased U. S. Wheat and other organization dues by formula (63,000) and out-of-state committee travel (2,000). Primary decrease due to reduced printing costs through camera ready ability and use of publication and graphics vs outside contract (10,000) and reduced computer service charge \$2,400.	53,325	52,729
Equipment.	Decreases due to determination that equipment would not require replacement. Sole equipment purchase for computer software upgrades.	-892	
Total		\$51,400	\$50,406

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# DEPARTMENT OF COMMERCE

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
	333.93	332.70	307.21	9.00	316.21	307.21	9.00	316.21
Personal Services	9,097,836.44	10,454,400	9,583,824	250,457	9,834,281	9,578,263	249,593	9,827,856
Operating Expenses	25,955,001.64	30,370,487	28,328,451	4,483,827	32,812,278	28,869,127	4,344,164	33,213,291
Equipment	259,606.14	92,636	77,136	467,205	544,341	77,136	82,351	159,487
Local Assistance	1,590,614.74	1,370,676	1,118,676	1,118,676	1,118,676	1,118,676	0	1,118,676
Grants	20,325,603.87	26,665,200	24,118,722	4,655,783	28,774,505	24,123,722	4,972,793	29,096,515
Benefits and Claims	0.00	100,000	100,000	0	100,000	100,000	0	100,000
Transfers	5,352,676.92	5,010,000	6,146,113	40,150	6,186,263	7,145,949	-68,056	7,077,893
Debt Service	191,491.44	3,491	3,491	-3,491	0	3,491	-3,491	0
<b>Total Agency Costs</b>	<b>\$62,772,831.19</b>	<b>\$74,066,890</b>	<b>\$69,476,413</b>	<b>\$9,893,931</b>	<b>\$79,370,344</b>	<b>\$71,016,364</b>	<b>\$9,577,354</b>	<b>\$80,593,718</b>
General Fund	5,304,449.40	5,945,562	5,423,754	246,862	5,670,616	5,414,752	176,052	5,590,804
State Special Revenue Fund	13,108,082.25	16,752,911	14,178,551	570,053	14,748,604	14,177,541	663,416	14,840,957
Federal Special Revenue Fund	17,083,118.98	19,482,395	18,087,341	5,646,765	23,734,106	18,077,517	5,655,731	23,733,248
Proprietary Fund	27,277,180.56	31,886,022	31,786,767	3,430,251	35,217,018	33,346,554	3,082,155	36,428,709
<b>Total Funding Costs</b>	<b>\$62,772,831.19</b>	<b>\$74,066,890</b>	<b>\$69,476,413</b>	<b>\$9,893,931</b>	<b>\$79,370,344</b>	<b>\$71,016,364</b>	<b>\$9,577,354</b>	<b>\$80,593,718</b>
Public Safety	61,720.16	137,329	138,049	828	138,877	137,505	813	138,318
Weight & Measures Bureau	409,567.75	451,193	444,211	66,639	510,850	443,960	7,967	451,927
Financial	744,024.49	837,431	844,388	31,262	875,650	842,506	7,717	850,223
Milk Control Bureau	287,465.38	287,448	288,306	3,756	292,062	288,246	3,753	291,999
Pol Bureau	2,401,866.79	2,773,064	2,834,294	223,747	3,058,041	2,826,571	216,069	3,042,640
Aeronautics	854,201.91	1,014,372	0	0	0	0	0	0
Transportation	1,433,759.01	2,481,635	0	0	0	0	0	0
Business Development	2,549,600.88	2,711,606	2,740,840	1,150,294	3,891,134	2,740,575	1,151,202	3,891,777
Montana Promotion	5,161,471.94	4,721,392	4,763,151	1,075,611	5,838,762	4,762,120	1,393,642	6,155,762
Community Development Bureau	17,283,099.62	19,720,272	20,921,526	3,659,681	24,581,207	20,905,558	3,669,607	24,575,165
Office of Res. & Info Services	205,020.19	290,836	311,699	77,649	389,348	310,206	65,541	375,747
Local Gov't Services-audit	1,030,408.74	1,116,357	1,172,926	65,299	1,238,225	1,169,499	55,125	1,224,624
Local Gov't Services-systems	3,054,284.82	3,245,681	3,125,363	-52,354	3,073,009	3,122,379	-52,373	3,070,006
Local Gov't Assistance Admin	101,322.13	104,065	105,914	14,160	120,074	105,979	14,160	120,139
Building Codes Bureau	1,162,708.99	1,290,364	1,270,330	211,041	1,481,371	1,269,297	17,309	1,286,606
Indian Affairs Coordinator	94,576.84	95,571	102,237	54,205	156,442	102,026	54,193	156,219
Health Facilities Authority	113,453.98	110,534	113,537	10,665	124,202	107,397	10,652	118,049

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Mt Science & Tech Alliance	400,952.82	2,682,944	517,773	-7,719	510,054	522,624	-9,847	512,777
Board Of Housing	1,572,436.71	2,154,693	2,187,779	-130,857	2,048,922	2,130,091	-152,438	1,977,653
Investments	1,387,261.58	1,622,627	1,678,642	33,111	1,711,753	1,574,287	32,869	1,607,156
Montana State Lottery	21,414,810.91	24,987,295	24,657,066	3,403,943	28,061,009	26,477,073	3,080,512	29,557,585
Board Of Horse Racing	228,442.90	324,647	323,317	-15,795	307,522	322,852	-15,620	307,232
Director/management Services	820,372.65	905,534	935,065	26,765	961,830	855,613	26,501	882,114
Total Program Costs	\$62,772,831.19	\$74,066,890	\$69,476,413	\$9,893,931	\$79,370,344	\$71,016,364	\$9,577,354	\$80,593,718

### MISSION AND GENERAL DESCRIPTION

The Department of Commerce was created in 1981 to foster the development of the state's economy through the provision of technical assistance, monetary assistance and state planning for economic development. The department also includes local government assistance, public safety, and business regulatory functions. The relationship between economic development and business regulatory functions insures that the department can strike an effective balance between the state's need for economic development and the desire to protect the public health and safety.

The programs which comprise the Department of Commerce relate generally to four major areas or missions which the department is charged with carrying out. These four mission areas include;

#### ECONOMIC DEVELOPMENT:

- Business Development Division
- International Trade Office
- Board of Investments
- Science & Technology Alliance
- Health Facilities Authority
- Board of Housing
- Local Government Assistance Division (ED)

#### TOURISM:

- Montana Promotion Division

#### PUBLIC SERVICE & SAFETY:

- Public Safety Division

DEPARTMENT OF COMMERCE

### Financial Institutions Division

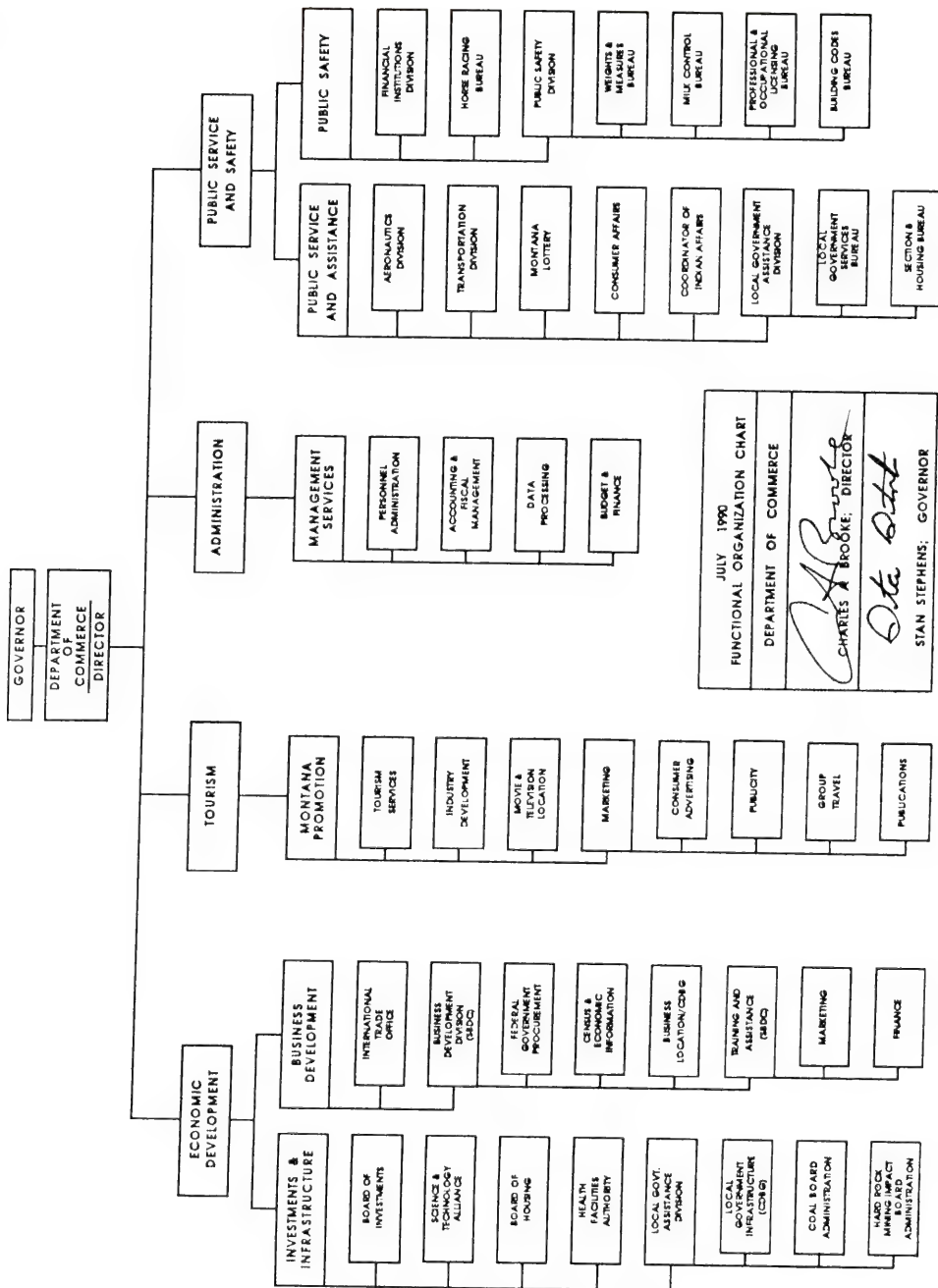
- Horse Racing Bureau
- Transportation Division
- Aeronautics Division
- Montana Lottery
- Local Government Assistance Division (TA)
- Coordinator of Indian Affairs
- Consumer Affairs

#### ADMINISTRATION:

- Management Services Division

#### AUTHORIZATION

The Department of Commerce is provided for in Title 2, Section 15, Part 18, MCA. Statutory responsibilities of the Department of Commerce and its programs are included throughout the Montana Code Annotated but are summarized in part in Title 90, Section 1.



## AGENCY ORGANIZATION

### I. ECONOMIC DEVELOPMENT:

Seven divisions and programs are responsible for the economic development mission of the department. They include;

- : Business Development Division
- : International Trade Office
- : Board of Investments
- : Science & Technology Alliance
- : Health Facilities Authority
- : Board of Housing
- : Local Government Assistance Division (ED)

The **Business Development Division** is responsible for assisting businesses in Montana in a variety of ways which include providing technical assistance and training in all aspects of business creation, management, marketing, licensing, trade and financing. Also included in the division is the Office of Research & Information Services which analyzes and distributes economic and demographic information through the Census & Economic Information Center

The **International Trade Office** is responsible for fostering the development of foreign trade. This office includes representation in Japan and Taiwan and is working toward on-site representation in Alberta Canada. The office also works diligently toward increasing state trade with the European community.

The **Board of Investments** manages the state investment portfolio which is approaching \$3 billion. The Board of Investments is also responsible for administering the Mortgage Loan Program, the Coal Tax Loan Program, the Pooled and Stand Alone Industrial Revenue Bond Programs, the Montana Cash Anticipation Finance Program, the Intermediate Term Capital Program, and the Montana Capital Company Act, and for designing, implementing, and administering programs that foster economic vitality and diversity or that reduce the financing costs of local governments in Montana.

The **Science & Technology Alliance** was created to provide seed capital funding for new and innovative products; a source of funding otherwise not available in Montana. In addition, the Alliance provides research and development funding, which emphasizes cooperation between state universities and the private sector in applied technology research and technology transfer for commercialization of products resulting from that research.

The **Health Facilities Authority** provides a state sponsored bonding program for non-profit health care providers in Montana which allows those facilities to finance the cost of acquisition, equipment and other improvements of eligible health facilities at below market rate financing. The lower financing rate is achieved because of the tax free nature of the government participation in the process.

The **Board of Housing** exists to provide affordable, safe housing to individuals in Montana by issuing tax exempt bonds which in turn finance reduced rate mortgages, generally for first time home buyers.

The **Local Government Assistance Division** includes a number of programs designed to provide monetary and technical assistance to local governments and business enterprises. The areas supervised by the division in the economic development area include the following:

The Community Development Block Grant program administers, awards and monitors federal Housing and Urban Development funding for local governments for economic development projects which are sponsored by the local government. The local government then loans these funds to approved economic development projects primarily to create employment opportunities for low and moderate income individuals.

The Hard Rock Board assists mineral developers and local government units in preparing impact plans for large-scale mineral developments so that the infrastructure and other resources are available to accommodate the impacts of that development.

The Coal Board provides grants to local governments where

large scale coal developments have resulted in adverse impacts on the local government.

## II. TOURISM:

The Montana Promotion Division is responsible for the tourism mission of the department of Commerce. This division is responsible for increasing non-resident travel and motion picture/TV commercial expenditures in the state. This is accomplished through a variety of means which include;

**Advertising:** The division conducts national and international advertising campaigns which attempt to inform potential visitors about the splendor and vacation opportunities available in Montana. This advertising is conducted through a variety of media which include national and international publications, television commercials, outdoor billboards, and invite-a-friend solicitations from the Governor.

**Publicity:** The division conducts national and international publicity campaigns where the division attempts to persuade editors, writers and news organizations to include travel and tourism articles and features in their respective programming and publications to increase the awareness of Montana as a travel destination.

**Motion Picture & TV:** The division encourages production companies to produce their motion pictures and television commercials in Montana. This is accomplished by maintaining a support service within the division which provides information and services relevant to particular natural, human, and geographic locations in the state which may be desired by the production company. Advertising and publicity are used to attract production companies to the state for this purpose.

**Publications:** The division is responsible for publishing and maintaining a variety of promotional materials which are mailed to prospective visitors in the hope that the materials will be used to help plan that individual's vacation in Montana. The publications are updated annually and include cooperative advertising between the state tourism office and private hospitality industry companies.

The state also publishes materials cooperatively with other states and the province of Alberta.

**Regional Marketing:** The division administers the distribution of the lodging tax revenues to the various non-profit corporations in the state for the purpose of developing and implementing regional tourism activities.

**Group Travel:** The division operates a group tour and travel service intended to solicit group tours into Montana. Part of this function includes travel services currently offered through the Tokyo and Taiwan trade offices to encourage group travel to Montana from the Pacific Rim. The division provides personalized assistance to over 700 tour operators annually.

**International Marketing:** Efforts are aimed at developing and increasing individual and group travel to Montana by targeting tour operators and the media in Canada, Japan, Taiwan and certain western European countries.

**Consumer Services:** This functional area provides customers with travel literature and personal assistance and is responsible for maintaining accurate statistical data for the evaluation of the division's advertising efforts.

**Infrastructure Development:** The division participates and encourages the development of travel and tourism infrastructure where appropriate so that our state resources can always accommodate the increasing tourism market which Montana is capturing.

## III. PUBLIC SERVICE & SAFETY:

Nine department divisions and programs are responsible for the public service and safety mission of the Department of Commerce. They include the;

- : Public Safety Division
- : Local Government Assistance Division
- : Lottery Division
- : Transportation Division
- : Aeronautics Division



: Montana Lottery

: Horse Racing Bureau

: Financial Institutions Division

: Consumer Affairs Office

The **Public Safety Division** is responsible for licensing individuals, business, and devices to assure the safety of the states citizens when purchasing those services. The programs supervised by this division include the following:

The Professional & Occupational Licensing Bureau is responsible for the examination, licensure and inspection of approximately 40,000 Montanans in 30 different professions and occupations. The bureau also investigates complaints against licensees which may lead to disciplinary action up to and including forfeiture of a license to practice.

The Milk Control Bureau is charged with determining the minimum price paid for milk at the producer, wholesale and retail levels in Montana. The bureau also regulates all matters related to the production, processing, storage, distribution and sale of milk.

The Weights & Measures Bureau tests, inspects and calibrates all commercial weighing and measuring devices in the state. The bureau also investigates complaints regarding the accuracy of commercial weighing and measuring devices. Examples of the types of devices regulated would include gasoline pumps and grocery store weighing scales for produce and meat.

The Building Codes Bureau establishes and enforces minimum building, plumbing, electrical, mechanical and energy standards to safeguard the public in the design and construction of buildings. The bureau issues permits for construction after reviewing plans and inspects buildings under construction to assure compliance with safety regulations.

The **Financial Institutions Division** is responsible for chartering, licensing, supervising, and examining state banks, savings and loan associations, credit unions, consumer loan licensees, sales finance companies, and

Montana development companies.

The **Board of Horse Racing** is responsible for the licensure of all racing personnel, the establishment of race dates for various communities, the establishment of veterinary practices and standards in connection with horse race meets, and the auditing, supervision, and investigations related to the pari-mutuel racing system in Montana.

The **Local Government Assistance Division** includes a number of programs designed to provide monetary and technical assistance to individuals and local governments. The areas supervised by the division in the public service and safety area include the following:

The Section 8 Housing Bureau administers the federal Section 8 program which provides rent subsidies for citizens unable to afford decent, affordable housing. The subsidies are paid to the landlord owning the dwelling occupied by the eligible individual or family.

The Community Technical Assistance Program provides technical assistance to local governments in public works planning, land use planning, capital improvement planning, and provides information to local governments regarding the sources of funding available for infrastructure development and maintenance.

The Community Development Block Grant program administers, awards and monitors federal HUD funding for local governments for housing and sewer and water projects undertaken at the local level to primarily benefit low and moderate income people.

The Local Government Audit program performs audits of the financial statements of local governments in Montana and also performs special audits in cases of suspected fraud or misappropriation.

The Local Government Systems program develops, implements, and maintains the uniform budgeting, accounting and reporting system for Montana cities, towns, counties, school districts and special districts. The program also administers the District Court Reimbursement Program and the distribution of county land planning funds.

The **Lottery Division** is responsible for managing the production, marketing, distribution, and sales of instant ticket and "lotto" games for the purpose of providing revenue to the school foundation program.

The **Transportation Division** administers and coordinates programs to enhance the transportation infrastructure of Montana in the areas of rail and bus. The areas supervised by this program include the following;

The **Intermodal Commodities Bureau** is responsible for maintaining and updating the state rail plan. In addition, the bureau provides technical, legal, planning and financial assistance to transportation users, providers and local governments. This assistance includes rate analysis and the development of costing models to assess changes in transportation rates and systems.

The **Passenger Bureau** administers, grants and monitors the use of federal UMTA money in providing transit assistance to local governments, usually in the forms of purchasing busses for local governments.

The **Aeronautics Division** is responsible for administering and coordinating aeronautical activities within the state of Montana. The areas supervised by this program include the following;

The **Airport/Airways Bureau** provides technical and financial assistance to communities in airport development, communications, safety and planning. In addition, the bureau maintains a system of state owned airports, navigational aids, and communications systems. The bureau also administers the West Yellowstone Airport

The **Safety & Education Bureau** maintains the statewide organization for search and rescue efforts related to lost and downed aircraft. The bureau also licenses all of the state pilots and aircraft and issue commercial air operator certificates.

The **Consumer Affairs Office** provides the enforcement of the state consumer protection laws and the Unfair Trade

DEPARTMENT OF COMMERCE

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AGENCY SUMMARY

#### Practices Act.

The **Indian Affairs Coordinator** identifies problems confronting Indians in Montana, advises the executive and legislative branches of those problems, and makes recommendations for their alleviation. The coordinator also acts as the liaison to the states congressional delegation related to federal issues on Indian affairs.

#### IV. ADMINISTRATION:

The **Management Services Division** provides the administrative support services to all of the agency programs. The services provided include the following;

**Accounting:** The division is responsible for assuring that all of the financial accounting of the programs in the agency are performed in accordance with generally accepted accounting principles. The division is also responsible for assuring that all federal and state monies are expended according to the appropriate federal and state statutes.

**Budget:** The division is responsible for developing, submitting and monitoring the agency legislative appropriation to assure that funding sources are used appropriately.

**Personnel:** The division is responsible for the policies and procedures adopted and utilized within the agency for hiring, terminations, performance appraisals, benefits administration, personnel training, and employment actions.

**Data Processing:** The division is responsible for the development, maintenance, upgrade, and training for all of the agency's data processing software and hardware.



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# DIRECTOR'S OFFICE / MGSV DIVISION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
	21.84	21.84	21.84	1.00	22.84	21.84	1.00	22.84
Personal Services	666,070.82	720,210	714,328	21,588	735,916	713,799	21,540	735,339
Operating Expenses	140,919.33	184,324	219,737	5,177	224,914	140,814	4,961	145,775
Equipment	13,382.50	1,000	1,000	0	1,000	1,000	0	1,000
<b>Total Agency Costs</b>	<b>\$820,372.65</b>	<b>\$905,534</b>	<b>\$935,065</b>	<b>\$26,765</b>	<b>\$961,830</b>	<b>\$855,613</b>	<b>\$26,501</b>	<b>\$882,114</b>
General Fund	95,064.15	103,743	104,485	2,898	107,383	104,303	2,898	107,201
Proprietary Fund	725,308.50	801,791	830,580	23,867	854,447	751,310	23,603	774,913
<b>Total Funding Costs</b>	<b>\$820,372.65</b>	<b>\$905,534</b>	<b>\$935,065</b>	<b>\$26,765</b>	<b>\$961,830</b>	<b>\$855,613</b>	<b>\$26,501</b>	<b>\$882,114</b>

## **Overview**

Director's Office - The Director's Office provides the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals and the Governor's Office in the effort to improve and stabilize the economic climate in Montana; provide regulatory services in a manner consistent with Montana statutes and administrative rules; provide technical and monetary assistance in maintaining and improving local infrastructure; and assist low and moderate income individuals in finding safe, affordable housing in Montana.

Management Services - Management Services provides internal support to all of the agency programs. The services provided include; budgeting, accounting, bookkeeping, purchasing, contracting, personnel administration, payroll, training, and the analysis, development, maintenance, and supervision of department data processing systems and hardware.

Legal Services - The chief legal counsel provides legal counsel to the department director and provides legal supervision and overview for all other agency attorneys.

Consumer Affairs - The Consumer Affairs Unit provides information and assistance to Montana consumers regarding unfair methods of competition or deceptive acts in the conduct of any trade or commerce. The office is empowered to issue subpoenas, administer oaths and conduct hearings in the investigation of any alleged wrongful conduct. The office administers the Proprietary Post-secondary Schools Program which establishes minimum criteria for licensing. The office also administers the "Lemon Law" statute when disputes arise between a purchaser and manufacturer of a new motor vehicle.

## DIRECTOR / MANAGEMENT SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993		Recommended
			Base	Incr/Decr	Base	Incr/Decr	
Full Time Equivalent Employees	19.34	19.34	19.34	1.00	19.34	1.00	20.34
Personal Services	587,416.78	637,284	631,223	21,396	630,635	21,349	651,984
Operating Expenses	124,509.22	164,507	199,357	2,950	120,675	2,733	123,408
Equipment	13,382.50	1,000	1,000	0	1,000	0	1,000
<b>Total Agency Costs</b>	<b>\$725,308.50</b>	<b>\$802,791</b>	<b>\$831,580</b>	<b>\$24,346</b>	<b>\$752,310</b>	<b>\$24,082</b>	<b>\$776,392</b>
General Fund	0.00	1,000	1,000	479	1,000	479	1,479
Proprietary Fund	725,308.50	801,791	830,580	23,867	751,310	23,603	774,913
<b>Total Funding Costs</b>	<b>\$725,308.50</b>	<b>\$802,791</b>	<b>\$831,580</b>	<b>\$24,346</b>	<b>\$752,310</b>	<b>\$24,082</b>	<b>\$776,392</b>

## Goals

To provide executive, administrative and policy guidance to the department programs in a manner which is consistent with state statute, administrative rules, and the Governor's direction.

To analyze with program managers the statutory, administrative and programmatic objectives of their program in order to maximize the benefit of the service provided to the citizens of Montana while minimizing the resources required to achieve those objectives.

To increase program accountability in obtaining objectives by maintaining a formal system for fiscal and program performance monitoring.

To coordinate the biennial budget process for the agency acting as the liaison between the Office of Budget and Program Planning, the Legislative Fiscal Analyst, the Legislature, and the agency programs. To analyze, justify, develop and present the agency's budget request in a concise and complete manner thereby supporting the objectives of sound state government.

To provide the financial services mandated by and in accordance with federal and state statutes and to do so in

an efficient and comprehensive manner. Those services include accounting, bookkeeping, contracting, inventory control, reporting, purchasing and investments.

To provide the personnel services required by the programs of the department including processing, training and guidance in the areas of payroll, selection and recruitment, performance appraisal, position classification and description, disciplinary action, policy development and enforcement, and benefits administration.

To provide and maintain an automated data and word processing environment giving the programs of the agency technologically sound tools to deliver the services mandated by federal and state statutes.

To provide appropriate legal counsel to the director and to represent the department in legal matters in an efficient and effective manner.

## Authorization

Title 2-15-104, MCA.

Structure of the Executive Branch

Title 2-15-112, MCA.

Duties and Powers of Department Heads

Title 2-15-121, MCA.

Allocation for Administrative

Title 2-15-Part 18, MCA.

Department of Commerce

Title 2-15-1803, MCA.

State Banking Board - Director as Chairman

Title 2-15-3015 MCA.

Agriculture Development Council - Director as Member

Title 37-1-Part 1, MCA.

Duties and Authority of Department Director

Title 90-1-Part 1, MCA.

Planning and Economic Development

Title 17-1-102, MCA.

Uniform Accounting System and Expenditure Control

Title 17-Ch. 2, MCA.

Accounting

Title 17-Ch. 3, MCA.

Federal Revenues and Endowments

Title 17-Ch. 6, MCA.

Deposits and Investments

Title 17-Ch. 7, MCA.

Budgeting and Appropriations

Title 17-Ch. 8, MCA.

Disbursement and Expenditure

Title 2-Ch.18, MCA.

State Employee Classification, Compensation, and Benefits

Title 18-Ch.8, MCA.

Procurement of Services

Title 18-Ch.4, MCA.

Montana Procurement Act

## Base Program

The Director's Office/Management Services program provides the policy making, administrative, budgeting, accounting, bookkeeping, personnel, purchasing, inventory control, legal supervision, and data processing support to the Department of Commerce. The purpose of this program is to offer the guidance and direction needed at the management, professional and support services level to efficiently and effectively deliver the services provided for in state statute, federal statute and at the Governor's direction.

The Director's Office performs leadership, policy making, resource allocation, legal analysis, and organizational functions for the Department of Commerce. Under base funding, the objective of the Director's Office is to organize and prioritize the agency functions to maximize the benefit derived for Montana with the resources provided. Benefits provided to Montanans as a result of Department of Commerce programs relate to economic development, tourism promotion, public safety, housing, local government technical and monetary assistance, business assistance, investments of public and pension fund monies, professional and occupational licensing and regulation, consumer protection, gambling regulation, Indian affairs, transportation services, and census and demographic information.

The Management Services Division delivers budgeting, accounting, bookkeeping, personnel, purchasing, data processing and inventory control services for agency programs. Base funding for this program allows the division to provide all of these services in a manner consistent with state and federal statutes but does not allow for increased productivity and service delivery to assist agency programs in achieving greater efficiencies. Particular areas of concern relate to personnel administration which is stressed due to the number of personnel actions resulting from factors related to workload and pay; specifically turnover and the disparity between private sector and public sector remuneration. In addition, programs are not getting the data processing support necessary to effect significant gains in productivity. Performance indicators for this division have grown significantly over the last five years due to increased responsibility mandated by the legislature in the

form of new and expanded programs. Productivity gains have been realized primarily through automation of division functions which are basically completed. Base level staffing may result in longer delays in performing mandated services. Indicative of the performance gains realized for the division is the Indirect Cost Recovery rate which has fallen from approximately 13% of program personal services in the early 80's to a current level of approximately 9%. This equates to nearly a 30% reduction in cost for the services provided by this division. It is anticipated that the revenue collected through the indirect cost recovery may decrease in the coming biennium due to higher vacancy rates in the agency (programs are not charged for vacant positions).

The Chief Legal Counsel for the department acts as the director's attorney and performs legal supervisory and coordination functions for all of the agency programs. Base level funding is not sufficient to adequately support this function because it is not allocated any clerical or secretarial support.

## Base Funding

The Director's Office and Management Services Division are funded with proprietary funds which are derived through indirect assessments to all of the agency programs. This type of cost recovery plan is mandatory in order to charge programs in the agency funded by the federal government. The current indirect cost rate is 8.77% of actual personal services cost for the 92-93 Biennium.

One-half of the Chief Counsel position is supported through the indirect assessment to the agency programs. The other half of the FTE supervises the Consumer Affairs Unit and is funded through that program.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Transfer Warrant Claims	11,000	11,000	11,100	11,100

No-warrant Transfers	780	800	800
Contracts Processed	316	325	335
Collection Reports	1,000	1,100	1,100
Classification Reviews	180	190	200
New Hires	75	65	65
Terminations	65	65	65

## Increase or Decrease from Base

### Current Level Adjustments

Transferred 1.00 FTE from the Board of Horse Racing to the Director's Office. The position will work in a secretarial pool providing assistance to the department's chief legal counsel and performing other secretarial duties as assigned.

\$21,349                      FY92 - \$21,396                      FY93 -

Operating expenses show a net increase due to adjustments in the department fixed costs.

FY92 - \$2,950                      FY93 - \$2,733

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	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Base	Fiscal 1993 Incr/Decr	----- Base	Recommended
Full Time Equivalent Employees	2.50	2.50	2.50	.00	2.50	.00	2.50	2.50
Personal Services	78,654.04	82,926	83,105	192	83,297	191	83,355	83,355
Operating Expenses	16,410.11	19,817	20,380	2,227	22,607	2,228	22,367	22,367
Total Agency Costs	\$95,064.15	\$102,743	\$103,485	\$2,419	\$105,904	\$2,419	\$105,722	\$105,722
General Fund	95,064.15	102,743	103,485	2,419	105,904	2,419	105,722	105,722
Total Funding Costs	\$95,064.15	\$102,743	\$103,485	\$2,419	\$105,904	\$2,419	\$105,722	\$105,722

of educational services, fiscal responsibility, and ethical business practices.

To administer the statutory mechanism for consumers related to the "lemon law" to assure new vehicle purchasers and sellers that disputes arising from the vehicle's manufacture and operation can be satisfactorily solved through investigation and arbitration.

To provide Montana consumers with procedures for resolving complaints related to unfair trade practices and consumer protection.

Title 30-14-Part 1, MCA	Consumer Protection Act
Title 30-14-Part 2, MCA	Unfair Trade Practices Generally
Title 2-15-1804, MCA	Proprietary Postsecondary Educational Advisory Council
Title 20-Ch. 30, MCA	Post-secondary Educational Institutions
Title 61-4-Part 5, MCA	New Motor Vehicle

To prohibit the use of false or misleading literature, advertising, or representations by proprietary post-secondary schools or their agents.

The Consumer Affairs Unit responds to consumer complaints involving refunds, replacement or repair of consumer products, and contractual problems in the provision of



services and goods. The office investigates consumer complaints and often settles those complaints informally. If the office determines that further action is in the public interest, a legal injunction in district court may be filed.

The office also investigates unfair trade practice allegations. Investigations may be conducted to determine if further action would be in the public interest. If action is taken, the office may attempt to negotiate a voluntary compliance wherein the seller agrees not to commit fraudulent business practices in the future and agrees to pay damages to persons harmed by that business' prior unfair practice. The office may proceed in district court to obtain a temporary injunction, permanent injunction, or temporary restraining order.

Under the base program, the office also licenses proprietary post-secondary schools and recruiting agents operating in Montana. The office requires adequate bonding

prior to licensure or renewal and investigates program and student complaints. The office also preserves school and student records after a school closes.

The Consumer Affairs Unit is also responsible for the administration of the state lemon law for the purchase of new motor vehicles. Under the base program, the office does not have sufficient funding or staff resources to properly administer this statute. During the last session of the legislature, \$5,000 was allocated to the office for the adoption of rules related to the lemon law. Funding does not support the investigation, arbitration and other responsibilities of the department under the act.

### Base Funding

The Consumer Affairs Unit is supported by the state general fund.

### Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Complaints Filed	1,576	1,200	1,200	
Complaints Investigated	1,785	600	600	
Inquiries	3,750	3,750	3,800	4,000
Unfair Trade Complaints	22	20	20	20
School Licenses Renewed	32	32	32	32
School Licenses Issued	2	2	2	2
Agent Renewals	38	38	40	40
Agent Licenses Issued	30	30	30	30
Transcripts Sent	125	125	125	125

**Increase or Decrease from Base**

**Current Level Adjustments**

Personal Services increased due to an adjustment in  
employee benefits.

FY92 - \$192      FY93 - \$191

Operating expenses show a net increase due to adjustments  
in the department's fixed costs.

FY92 - \$2,227      FY93 - \$2,228

## PUBLIC SAFETY DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	1.00	1.00	1.00	.00	1.00	1.00	.00	1.00
Personal Services	53,743.25	55,403	55,684	132	55,816	55,554	131	55,685
Operating Expenses	7,976.91	81,926	82,365	696	83,061	81,951	682	82,633
Total Agency Costs	\$61,720.16	\$137,329	\$138,049	\$828	\$138,877	\$137,505	\$813	\$138,318
State Special Revenue Fund	0.00	72,000	72,000	0	72,000	72,000	0	72,000
Proprietary Fund	61,720.16	65,329	66,049	828	66,877	65,505	813	66,318
Total Funding Costs	\$61,720.16	\$137,329	\$138,049	\$828	\$138,877	\$137,505	\$813	\$138,318

## Overview

To facilitate coordination of the division's activities with other governmental agencies to reduce duplication of effort wherever possible.

The Public Safety Division provides for the administration, management and coordination of activities of the Building Codes Bureau, Milk Control Bureau, the Professional and Occupational Licensing Bureau and the Bureau of Weights and Measures. In that all the programs in the Division are self supporting, with the exception of Weights and Measures, the management of expenditures in relation to income and cash balances is a key function.

## Goals

To ensure the most efficient use of human and revenue resources possible in accomplishing statutory requirements, thus reducing the cost and inconvenience to the public who indirectly pay for the service through regulation.

To ensure cooperation among the division's bureaus in assisting each with their respective programs as well as other state agencies and local governments.

To ensure that the division's bureaus are properly carrying out their duties as required by law in order to protect the public health, welfare and safety.

## Authorization

Title 50, Ch. 60, MCA

Statutes that create the statewide building code and assign responsibility for administering to the Department of Commerce.

Title 81, Ch. 23, MCA

General powers of the Department, definitions and rules and orders for milk price control.

Title 2, Ch. 15, part 18

Establishes the Department of Commerce and all MCA boards under the Department.

Title 30, Ch. 12, MCA

Provides for the general provisions and the authority for the Department of Commerce for weights and measures.

Title 37-1-101(1)

MCA Establish administrative support for all Boards attached to the Department.

### Base Program

The Public Safety Division provides the internal organizational and support structure for four bureaus. In this support, the division administrator provides program and budgetary assistance to these functions to better allow for effective and efficient delivery of services to thousands of licensees.

This Division actively oversees and coordinates the

automation in all the bureaus and coordinates the formulation of budgets from each bureau to produce a rolled up division presentation.

When new programs are added to the Division it is the responsibility of the division administrator to integrate the added duties and responsibilities in an appropriate and responsive manner. The last legislative assembly added Outfitter licensing, Employment Agency licensing and the Tramway Safety Program.

### Base Funding

The division administrator's office is funded through a proprietary account by charges to bureaus within the division. Those Bureaus include Building Codes, Milk Control, Professional and Occupational Licensing, and Weights and Measures.

The base funding provides state special revenue authorization for legal services which will be used if needed to provide a transfer of legal services authority to any of the components of the Professional and Occupational Licensing Bureau.

### Performance Indicators

	Permits or Licenses Issued		
	FY90 Actual	FY91 Enacted	FY92 Base
Building Codes Bureau	17,380	14,500	19,800
Milk Control	325	325	325
FOL	45,000	49,500	49,500
Weights & Measures	17,625	17,795	17,795

# **Increase or Decrease from Base**

## **Current Level Adjustments**

Personal services increased due to an adjustment in employee benefits.

FY92 - \$132      FY93 - \$131

Operating expenses show a net increase due to adjustments in department fixed costs.

FY92 - \$696      FY93 - \$682

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	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	11.52	11.00	11.00	.00	11.00	11.00	.00	11.00
Personal Services	281,728.11	311,032	299,127	666	299,793	299,443	666	300,109
Operating Expenses	119,339.64	122,161	127,084	1,587	128,671	126,517	948	127,465
Equipment	8,500.00	18,000	18,000	64,386	82,386	18,000	6,353	24,353
Total Agency Costs	\$409,567.75	\$451,193	\$444,211	\$66,639	\$510,850	\$443,960	\$7,967	\$451,927
General Fund	409,567.75	451,193	444,211	66,639	510,850	443,960	7,967	451,927
Total Funding Costs	\$409,567.75	\$451,193	\$444,211	\$66,639	\$510,850	\$443,960	\$7,967	\$451,927

general sense that equity prevails in all commercial transactions involving determination of quantity in the State of Montana.

The enforcement of Weights and Measures laws is one of the oldest of government services. The motto "That Equity May Prevail" means that this Bureau is dedicated to the impartial protection for both buyer and seller in all commercial transactions involving weight, measure or count. In every commercial transaction involving the weighing or measuring of a commodity, accurate weights and measures and proper practices and application of law protects both the buyer and the seller. The buyer has a right to equity and the seller has a right to fair value.

Title 30, Ch. 12, MCA Provides for the general provisions and the authority for the Department. The statute defines regulations for Method of Sale of Commodities, Sale of Specific Commodities, and Labeling Requirements as well as Offenses and Penalties.

Weights and Measures enforcement in the United States is a state responsibility. The states are responsible for the enforcement of our system of weights and measures, packaging, labeling and guaranteeing that all standards used in the field are accurate and traceable to the National Institute of Standards and Technology.

The Bureau is charged by law to license, inspect, test and calibrate all weighing and measuring devices used in commercial and in some instances non commercial transactions. In addition the Bureau is responsible for enforcing laws and regulations relating to quantity of all prepackaged commodities.

Our stated goal is to find, identify and remove from commercial use all inaccurate weighing and measuring devices. We also are committed to assure that the quantity statements on all prepackaged goods are accurate and in a

The Bureau is specifically charged with maintaining minimum specifications of petroleum products as well as licensing all petroleum dealers in Montana.

The staff of the Bureau consists of a Bureau Chief, one Secretary, one metrologist and eight field inspectors located in various areas of the state.

The Bureau issues over 20,000 licenses and the staff routinely tests over 15,000 weighing and measuring devices a year and check approximately 4500 packages a year for correct weights and labels. In this effort, the inspectors log over 140,000 miles of travel. The metrologist calibrates over 1500 test standards as well as approximately 50 measures.

### **Base Funding**

The Bureau is funded by the general fund and raises almost half of its appropriation by the assessment of fees for licenses. All fees are deposited to the general fund. Revenues for FY89 were \$216,559 which was the highest in the immediate history of the Bureau.



# Performance Indicators

## Licenses Issued

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Retail Pumps	8,750	8,800	8,800	8,800
Pet. Meters 2"	1,181	1,200	1,200	1,200
Pet. Meters +2"	150	150	150	150
LPG Meters	481	490	490	490
Vapor Meters	74	74	74	74
Vehicle tank measures	11	11	11	11
Scales 0-499 lbs	3,978	4,000	4,000	4,000
Scales 500-1,999 lbs	821	850	850	850
Scales 2,000-7,999 lbs	276	280	280	280
Scales 8,000-60,000 lbs	1,389	1,400	1,400	1,400
Scales 60,000 and over	514	540	540	540
Weights calibrated	1,500	1,800	1,800	2,000
Measures calibrated	150	100	150	250
Packages tested	300	1,500	1,500	1,500
Federal scales	124	124	124	124
Complaints	10	12	12	12

## Increase or Decrease from Base

### Current Level Adjustments

Personal services increased due to an adjustment in employee benefits  
 FY92 - \$666 FY93 - \$666  
 Operating expenses show a net increase due to adjustments in the department's fixed costs and inflationary increases in gasoline.

FY92 - \$1,587 FY93 - \$948

### Program Enhancements

The Department needs to purchase \$106,739 of necessary equipment. Most of the equipment is related to replacement of 4 vehicles that have over 100,000 miles. Other equipment costs consist of hoists, laboratory and field monitoring equipment. The Legislative Auditor's Office has recommended that the vehicles be replaced and laboratory and field equipment be added. This budget increase is revenue neutral. The department proposes to increase its user fees in order to pay for these capital acquisitions.

FY92 - \$64,386 FY93 - \$6,353

## FINANCIAL INSTITUTIONS DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	20.00	20.00	20.00	.00	20.00	20.00	.00	20.00
Personal Services	524,016.15	613,216	616,442	-2,187	614,255	615,470	-2,181	613,289
Operating Expenses	191,014.34	224,215	227,946	6,126	234,072	227,036	5,898	232,934
Equipment	28,994.00	0	0	27,323	27,323	0	4,000	4,000
Total Agency Costs	\$744,024.49	\$837,431	\$844,388	\$31,262	\$875,650	\$842,506	\$7,717	\$850,223
State Special Revenue Fund	744,024.49	837,431	844,388	31,262	875,650	842,506	7,717	850,223
Total Funding Costs	\$744,024.49	\$837,431	\$844,388	\$31,262	\$875,650	\$842,506	\$7,717	\$850,223

## Overview

The Financial Institutions Division and the State Banking Board work to insure that adequate and safe financial services are provided to the public, and that the operations of regulated businesses conform to statutory and regulatory constraints.

The Financial Institutions Division and the State Banking Board are responsible for chartering and supervising the safety and soundness of state chartered banks and trust companies. The Division is solely responsible for chartering and supervising savings and loan associations and credit unions. It is responsible for licensing and supervising consumer loan companies, sales finance companies, and escrow companies. Supervision of these businesses is accomplished principally through on-site examinations of their operations. Supervisory actions may also result from complaints by the public, or through examinations or investigations conducted by other agencies.

The Division is also charged with examining the investments of certified capital companies, examining development corporations, examining certain loans of the Montana Board of Investments, and monitoring prearranged funeral plans, where the funds are on deposit in Montana banks, savings and loans or credit unions.

The State Banking Board is administratively attached to the Financial Division. Division staff arrange meetings and perform research on behalf of the Board to provide appropriate background information on matters to be addressed.

## Goals

To maintain public confidence and protect the public's investment in state-regulated providers of financial services. This is to be accomplished by maintaining a capable, well-trained professional staff to effectively monitor the activities and operations of regulated businesses.

## Authorization

Title 2-15-1803, MCA

Establishes the State Banking Board

Title 31-1-221 - 222, MCA

Licensing of sales finance companies

Title 32-1-202, MCA

Duties of State Banking Board

Title 32-1-211, MCA

Examination and supervision of banks and trust companies

Title 32-2-205, MCA

Chartering savings and loan associations

Title 32-2-301, MCA

Examination of savings and loan associations

Title 32-3-301, MCA

Chartering credit unions

Title 32-3-203, MCA

Examination of credit unions

Title 32-4-306, MCA

Examination of development Corporations

Title 32-5-201 - 202, MCA

Licensing of consumer loan companies

Title 32-5-403, MCA

Examination of consumer loan companies

Title 32-7-109, MCA

Licensing of escrow companies

Title 32-7-108, MCA

Examination of escrow companies

Title 72-27-203, MCA

Reports on prearranged funeral plans

Title 90-8-313, MCA

Examination of capital companies

### Base Program

The Financial Division staff is comprised of 18 1/2 FTE. 4 1/2 FTE are administrative and secretarial positions, and 14 FTE are travelling examiners. The State Banking Board has 7 members - 3 each from the public and banking sectors, and the Director of the Department of Commerce, who acts as chairman.

In February, 1989, the Division opened a field office in Billings. At full staff, 7 examiners operate out of this

office, and they are responsible for examining financial institutions in the eastern half of the state. Significant savings in travel time and expense have been realized since the field office was opened. There are no administrative, secretarial or clerical personnel in the Billings office.

### State Banking Board Activities

The Board conducts public hearings for the purpose of approving or rejecting applications for new banks, relocations of existing banks, mergers of existing banks, and applications for branch offices of banks. The Board also acts in an advisory capacity to the Director of the Department of Commerce.

Bank, trust company, savings and loan association, and credit union examination and supervision

The principal duty of the Division's travelling examiners is to perform periodic, statutorily required, examinations of these institutions. These examinations focus on the institutions' capital adequacy, asset quality, management ability, liquidity, and earnings level and capacity, with a goal of determining the overall financial safety and soundness of the institution. If substantial weaknesses exist in one or more of the examined areas, appropriate supervisory action will be initiated to correct the areas of concern. The Division currently is responsible for 112 state chartered banks, 2 state chartered trust companies, and 19 state chartered credit unions.

Consumer loan company licensing, examination and supervision

Office staff investigates license applicants and approves or rejects applications. The statutory examination function focuses on loan terms and conditions to determine compliance with Montana law. The examination function currently is being reworked to allow off-site examinations through company supplied data. Supervisory efforts are generally directed at the resolution of customer complaints about lending procedures or application of loan payments. Montana currently has 17 consumer loan licensees.

Sales finance company licensing and supervision

Office staff investigates license applicants and approves or rejects applications. Supervision is limited to investigation and attempted resolution of infrequent

complaints against licensees. There are currently 78 licensees.

Escrow company licensing, examination and supervision The 1989 legislative session passed the "Regulation of Escrow Business Act", which assigned regulatory duties to the Financial Division. Rules are being written which will provide for the licensing and examination of escrow companies. Statutory examinations will be performed by the Division's travelling examiner staff. It is expected that there will be fewer than 10 licensees.

Examination of certified capital companies Funds of certified capital companies are to be invested in particular types of businesses within certain timeframes. Statutory examinations are to determine that the investments are appropriate and the timeframes are met. There currently are 18 certified capital companies.

Examination of development corporations Development corporations are subject to periodic examinations by the Division. 6 development corporations are presently in existence.

Examination of Montana Board of Investments Division staff were required to make annual examinations of certain loans granted by the former Montana Economic Development Board. That Board was subsequently combined with the Board of Investments and loans made in conformance with the rules of the former Board are periodically examined for quality.

Prearranged funeral plans Annual reports detailing activity in prearranged funeral plans are filed by all Montana financial institutions. These reports are maintained by the Division for use if a dispute arises about the administration of a plan.

## Base Funding

Division activities are funded through examination fees, licensing fees, application fees, and supervisory assessments paid by regulated businesses. Funds are accounted for in a special revenue account.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Bank examinations	45	45	45	45
Trust co. examinations	2	2	2	2
Credit union exams	9	10	10	10
Capital co. exams	1	10	18	18
Consumer loan co. exams	0	17	17	17
Escrow company exams	0	5	5	5

## Increase or Decrease from Base

### Current Level Adjustments

The Department consolidated two .5 FTE positions within the program creating a net savings in personal services.

FY92 - (\$2,187) FY93 - (\$2,181)

Operating expenses show a net increase due to adjustments in department fixed costs.

FY92 - \$6,126 FY93 - \$5,898

### Program Enhancements

#### Computer Equipment

The Program has an increase in computer equipment and software. The request is related to two portable and one desk top computers and appropriate accessories. The division does not have enough computer equipment to allow bank examiners based in Helena to use the automated examination format. Also requested is the purchase of a computer program "expert system" which has been developed to help regulators analyze banks. As an educational tool, the division should be able to cut several months off the initial development period of a new examiner.

FY92 - \$27,323 FY93 - \$4,000

# MILK CONTROL BUREAU

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	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	7.00	7.00	7.00	.00	7.00	7.00	.00	7.00
Personal Services	182,978.01	190,633	192,671	427	193,098	192,752	427	193,179
Operating Expenses	94,194.20	96,515	95,335	3,329	98,664	95,194	3,326	98,520
Equipment	10,293.17	300	300	0	300	300	0	300
Total Agency Costs	\$287,465.38	\$287,448	\$288,306	\$3,756	\$292,062	\$288,246	\$3,753	\$291,999
State Special Revenue Fund	287,465.38	287,448	288,306	3,756	292,062	288,246	3,753	291,999
Total Funding Costs	\$287,465.38	\$287,448	\$288,306	\$3,756	\$292,062	\$288,246	\$3,753	\$291,999

## Overview

The Milk Control Bureau is responsible for supervising, regulating and controlling the milk industry of the state. The bureau investigates all matters pertaining to production, processing, storage, distribution and sale of milk. The bureau is charged with insuring compliance by all licensees through minimum pricing, fair trade rules, extension of credit, and financing prohibitions of the law. Intelligent production and orderly marketing of milk and cream products are encouraged to guarantee an adequate supply of healthful milk to the consuming public at the least possible cost.

## Goals

Regulate the milk industry in a manner that insures compliance with minimum pricing, fair trade rules, extension of credit and financing prohibitions of the law. Provide the necessary information and support to enable the board of milk control and interested persons to implement rules necessary to carry out the legislative intent prescribed in the law.

## Authorization

Title 81-23-102, MCA	General powers of the department. -- mandates the department supervise, regulate, and control the milk industry of this state.
Title 81-23-302, MCA	Establishment of minimum prices.
Title 81-23-303, MCA	Rules of fair trade practices.
Title 81-23-304, MCA	Limitation on extension of credit to retailers.
Title 81-23-305, MCA	Financing prohibitions -- producer and retailer.
Title 81-23-402, MCA	Report of Dealers -- accounting system -- records.
Title 81-23-204, MCA	Declining, suspending, and revoking licenses -- penalties in lieu of suspension or revocation.

### Base Program

In administering the Milk Control program the bureau has seven full-time FTE's. Three of those FTE's are in a full-time travel status. They travel a total combined mileage of approximately 30,000 miles per year, conducting monthly audits of milk processing plants, fair trade and minimum pricing violation investigations, and conducting cost surveys on processing plants and farm-to-plant hauling operations.

There are four full-time FTE's in the bureau office. The office staff reviews completed audits for mathematical accuracy and compliance. Staff notifies each processor and producer of audit results and during the last 12 months have collected approximately \$41,013 in underpayments for the producer.

The bureau provides a statistical reporting service for the milk industry and the general public and we maintain a general mailing list of approximately 550 persons.

The bureau licenses approximately 325 individuals and collects administrative assessments for enforcement of the Act, which includes notification and billing of licensees.

The Board of Milk Control is attached for administrative purposes only. The bureau performs all of the clerical duties for the board of milk control. The bureau chief acts as the administrative secretary for the board and as such the bureau helps prepare all legal documents for court cases, prepares all hearing documents, prepares and maintains records of all proceedings and notifies industry and public of all board activity.

### Base Funding

The Milk Control Bureau is funded by earmarked revenues raised by a \$.09 per hundred weight assessment to processors, producer-distributors and import jobbers. Revenues from the licensing of dairies goes directly to the general fund.



# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Total audit months completed at milk processing plants	108	108	108	108
Investigations				
Routine invest. complete	65	30	30	30
fair trade/sale equip.	25	15	15	15
Plant Cost Studies(total)	2	4	4	4
Licenses issued (total)	325	325	325	325
Man hours spent processing				
admn assessments	720	720	720	720
Hearings	4	3	2	2
Board Meetings	8	6	6	6
Reports Prepared per Year				
Monthly production	12	12	12	12
Semi-annual statistical	2	2	2	2
Annual statistical	1	1	1	1
Price Announcements Cal.	24	24	24	24
Statewide Mailings	23	21	21	21

## Increase or Decrease from Base

### Current Level Adjustments

Personal services increased due to an adjustment in  
employee benefits.

FY92 - \$427    FY93 - \$427

Operating expenses show a net increase due to adjustments  
in department fixed costs.

FY92 - \$3,329    FY93 - \$3,326

## POL BUREAU

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
	31.93	31.93	31.93	.00	31.93	31.93	.00	31.93
Personal Services	817,669.45	1,007,844	988,313	3,341	991,654	987,335	3,242	990,577
Operating Expenses	1,577,046.34	1,658,885	1,739,646	220,406	1,960,052	1,732,901	212,827	1,945,728
Equipment	7,151.00	6,335	6,335	0	6,335	6,335	0	6,335
Benefits and Claims	0.00	100,000	100,000	0	100,000	100,000	0	100,000
Total Agency Costs	\$2,401,866.79	\$2,773,064	\$2,834,294	\$223,747	\$3,058,041	\$2,826,571	\$216,069	\$3,042,640
State Special Revenue Fund	1,696,432.36	1,992,927	2,039,099	125,908	2,165,007	2,039,525	118,292	2,157,817
Proprietary Fund	705,434.43	780,137	795,195	97,839	893,034	787,046	97,777	884,823
Total Funding Costs	\$2,401,866.79	\$2,773,064	\$2,834,294	\$223,747	\$3,058,041	\$2,826,571	\$216,069	\$3,042,640

## Overview

It is the mission of the Professional and Occupational Licensing Bureau to safeguard the public health, safety and welfare of the citizens of the State of Montana and protect the public from being misled by unscrupulous, incompetent and unauthorized persons. The Bureau consists of an administrative pool and 30 licensing and regulatory boards attached for administrative purposes only. The boards protect the public from unprofessional conduct by licensees and help assure the availability of the highest quality services of those licensed.

## Goals

The Bureau of Professional and Occupational Licensing will continue to provide all administrative and clerical services needed by the boards, including corresponding, taking applications for licenses, issuing licenses granted by the boards, renewing licenses, registering, taking minutes of board meetings and hearings.

The Bureau will also continue to make all arrangements for meeting and exam facilities for each board; administer and grade examinations where required; provides legal staff and investigators to investigate legal infractions upon

requests from the boards, thus providing the necessary support services to enable the boards to provide effective and efficient services to the public.

## Authorization

Title 2, Ch. 15, part 18

Establishes the Department of Commerce and all MCA boards under the department.

Title 37, MCA

Encompasses the laws governing the licensing boards under the Bureau of Professional and Occupational Licensing attached to the Department of Commerce.

## Base Program

A. Administrative Support Pool - The administrative support for the Bureau of Professional and Occupational Licensing encompasses a supervisor, 13 administrative assistants, a receptionist and 2 administrative aides. The support pool handles all administrative duties of 30 boards. The number of boards assigned to each administrative assistant depends on the complexity of the boards. The pool has three part-time positions that are filled during peak renewal periods.

B. Investigative Unit - The investigative unit is comprised of three investigators. Two of the investigators handle varied complaints for the boards as well as do audits of trust accounts for the Board of Realty. The third inspector checks cosmetology shops for compliance throughout the state.

C. Automation Unit - The automation unit includes a programmer and a technician who assure the computer system remains in working order; develop programs; print licenses, labels, lists; and teach classes.

D. Legal Staff - There are three attorneys assigned to the bureau who handle the legal problems arising from complaints, adoption of rules, hearings, and court cases and day to day input arising from dealing with the public.

E. Executive Secretaries - There are three Executive Secretaries mandated by statute for three health boards. The Board of Pharmacy, the Board of Nursing and the Board of Medical Examiners. The executive secretary for the Board of Medical Examiners is also an attorney.

F. Boards - There are 30 regulatory boards assigned to the Department of Commerce, Professional and Occupational Licensing Bureau and allocated to the department for administrative purposes. The board members are appointed by the Governor to protect the health and welfare of the citizens of Montana; adopt rules to conduct business; set procedures; discipline peers; evaluate potential licensees; hold oral

interviews; evaluate continuing education programs; hold hearings for disciplinary action and work in conjunction with associations to maintain high standards of excellence for the professions within the state. A list of boards follows:

Board of Architects  
Board of Athletics  
Board of Barbers  
Board of Chiropractors  
Board of Cosmetologists  
Board of Dentists  
Board of Hearing Aid Disp.  
Board of Landscape Architects  
Board of Medical Examiners  
Board of Morticians  
Board of Nursing  
Board of Nursing Home Admins.  
Board of Occupational Therapists  
Board of Optometrists  
Board of Outfitters  
Board of Passenger Tramway  
Board of Pharmacists  
Board of Physical Therapists  
Polygraph  
Private Employment Agencies  
Board of Priv. Investigators  
Board of Professional Engineers & Land Surveyors  
Board of Psychologists  
Board of Public Accountants  
Board of Radiologic Technicians  
Board of Realty Regulations  
Board of Sanitarians  
Board of Social Workers & Professional Counselors  
Board of Speech Pathologists & Audiologists  
Board of Veterinarians

## Base Funding

The operations of the Professional and Occupational Licensing Boards are funded exclusively by Earmarked Revenue Accounts maintained by each board through licensing fees. Attached to the Board of Realty Regulation is the Real Estate Recovery Account. This account is statutorily appropriated in 17-7-502, MCA.

The administrative pool is funded through a proprietary account. Revenues are generated through charges to each licensing board.

# **Performance Indicators**

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Number of Licensees	45,000	49,500	49,500	49,500
Applications Received	4,800	4,850	4,850	4,850
Licensees Examined	3,000	3,030	3,030	3,030
Number of Exam Days	114	125	125	125
Number of New Licenses	3,500	3,850	3,850	3,850
Number of Renewed Licenses	37,000	40,700	40,700	40,700
Number of Board Meetings	90	90	90	90
Number of Board Meeting Days	125	127	127	127
Number of Conference Calls	28	30	30	30
Number of Rule Notices	33	35	35	35
Number of Rules Affected	167	170	170	170
Number of Notices Adopted	30	33	33	33
Complaints Filed	330	360	360	360
Complaints Closed	238	261	261	261
Hearings	22	24	24	24
Letters of Warning	29	31	31	31
Revocations	8	9	9	9
Suspensions	10	10	10	10
Probations	15	16	16	16
Fines	3	3	3	3
Practice Limited	4	5	5	5
License Denial	6	7	7	7

The above figures for FY90 actual are estimated numbers using FY89 as a base. A 10% increase has been estimated for FY91 to be used for Base FY92 and FY93. The figures for each year fluctuate with the economy of the state and the jobs available.

## **Increase or Decrease from Base**

### **Current Level Adjustments**

Personal Services changes are due to the recreating of a bureau chief position, the consolidation of partial positions, and the reallocation of the investigator

positions. During budget cuts in the mid 1980's the bureau chief position was eliminated and the Administrator of the Business Regulation Division assumed managerial responsibilities for the Bureau. Since that time, it has become acutely evident that the responsibilities and day to day duties of the Bureau require full time managerial support. The Department reclassified an existing vacant position in the POL Bureau to accommodate this change.

Several partial positions were consolidated and a .20 FTE moved into the pool to create a full time administrative assistant position. One investigator position was moved from the Board of Real Estate to the Administrative Pool.

Net Change    FY92 - \$3,341    FY93 - \$3,242

Division indirect cost for POL increased each year of the biennium.

FY92 - \$14,900    FY93 - \$14,900

Operating expenses show a net increase due to adjustments in the department's fixed costs.

FY92 - \$4,948    FY93 - \$4,833

Because this Division operates on a dual appropriation for the Administrative Pool and for the Boards that support it, recharges also increase for the biennium. These amounts were increased to fund: 1) rent increase, 2) changes in personal services in the administrative pool, 3) transfer of 1.2 FTE to the pool, 4) increase in indirect costs assessed to the pool, 5) increased cost of D of A Data Network Service.

FY92 - \$137,993    FY93 - \$130,529

#### Program Enhancements

##### Rent Increase

Rent has been increased by \$37,565 in FY 92 and FY 93. In FY 91, the offices for POL were relocated to the Arcade Building in downtown Helena. The move was necessitated by: 1) the need to consolidate Section 8 Housing and Local Government Services in one location in the Commerce Building and 2) to provide more suitable space for POL licensing, board meetings, testing, and to better accommodate the public it serves.

FY92 - \$37,565    FY93 \$37,565

#### Physicians Assistance Program

The Board of Dentistry has increased contracted services to provide for continued participation in the Board of Medical Examiner's Physicians' Assistance Program. The Board of Dentistry officially joined the program in 1989. This program is important in that a continued increase in the number of impaired practitioners is being experienced and a mechanism at the state level to assist these practitioners is warranted.

FY92 - \$25,000    FY93 - \$25,000

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## AERONAUTICS DIVISION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Personal Services	320,860.47	372,046	0	0	0	0
Operating Expenses	270,561.72	350,326	0	0	0	0
Equipment	8,911.98	15,000	0	0	0	0
Local Assistance	234,527.74	0	0	0	0	0
Grants	8,000.00	15,000	0	0	0	0
Transfers	11,340.00	10,000	0	0	0	0
<b>Total Agency Costs</b>	<b>\$854,201.91</b>	<b>\$762,372</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
State Special Revenue Fund	802,574.39	633,613	0	0	0	0
Federal Special Revenue Fund	0.00	75,000	0	0	0	0
Proprietary Fund	51,627.52	53,759	0	0	0	0
<b>Total Funding Costs</b>	<b>\$854,201.91</b>	<b>\$762,372</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## OVERVIEW

The Aeronautics Division is responsible for providing for the protection and promotion of safety in aeronautics, cooperating in effecting a uniformity of the laws relating to the development and regulation of aeronautics in the several states and revising statutes relative to the development and regulation of aeronautics. The Division establishes uniform regulations relating to aeronautics and cooperates with the federal authorities in the development of a national system of civil aviation.

The Division is responsible for developing, operating, and maintaining a statewide system of electronic navigational aids, air-to-ground communications stations, and visual navigational aids. The program operates and maintains 13 state-owned airports. Also, the Division develops and improves a statewide system of airports; provides Montana communities with technical assistance in all facets of aviation planning and development; keeps Montana's State Aviation System Plan current; and publishes an airport directory and aeronautical chart.

The Division also operates the Yellowstone Airport located at West Yellowstone. The Yellowstone Airport was built entirely with federal funds to serve Yellowstone National Park primarily. It is one of only two airports designated by Congress to serve a national park - the other being the Grand Canyon Airport in Arizona. In both cases, the airports are being operated by their respective state's aeronautics divisions. This seasonal airport receives scheduled air service (presently by SkyWest Airlines) and numerous charter flights and general aviation aircraft. The Airport is also the base for the U.S. Forest Service Interagency Fire Control Center which provides smokejumpers and retardant aircraft for Yellowstone Park, the U.S. Forest Service, and Bureau of Land Management lands surrounding the Park and southwestern Montana.

The Department of Transportation, as proposed by the Governor, includes the Aeronautics Division from the Department of Commerce.

## GOALS

To enhance Montana's economic development by fostering and promoting a safe and efficient aviation system for the movement of goods, services, and people within the state.

To foster and promote aviation and aviation safety.

To provide a safe, modern landing facility for all types of aircraft at Yellowstone Airport.

To establish a system of computerized pilot information centers which includes weather briefings, flight safety information, and flight plan filing for Montana pilots.

To plan and develop a regional fire training facility for airport aircraft fire fighters in order to meet Federal Regulations.

To actively promote the Yellowstone Airport in order to obtain additional airline service and increase tourism to Montana.

## AUTHORIZATION

Title 67-1-102, MCA      Policy - Aeronautics  
Title 67-1-103, MCA      Board of Aeronautics  
Title 67-1-104, MCA      Governmental nature of aeronautical functions  
Title 67-1-201 - 211, MCA      Uniform state law of Aeronautics  
Title 67-1-301 - 304, MCA      Finance  
Title 67-2-101 - 105, MCA      Aeronautical powers and duties  
Title 67-2-301 - 302, MCA      State Airports  
Title 67-2-401 - 403, MCA      Intergovernmental cooperation  
Title 67-3-301 - 429, MCA      Regulation and licensing  
49 U.S.C. 1354(a) and 1422 (Federal)      Certification and

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operations. Land airports serving certain air carriers.

49 U.S.C. 1354, 1356 - 1358, 1421, 1655(c) (Federal) Airplane and airport operator security.

## BASE PROGRAM

The Aeronautics Division is made up of five general administrative areas: the Aeronautics Board, Division Administration, Safety and Education Bureau, Airport/Airways Bureau, and Yellowstone Airport, West Yellowstone. A total of 10.99 FTEs are assigned to the various functions including 9.60 to the Division and 1.39 to Yellowstone Airport.

### Aeronautics Board:

The Aeronautics Board is composed of nine members appointed by the Governor. The Board serves the Division in an advisory capacity. The nine members represent the various facets of the Montana aviation community plus one member at-large.

### Administration:

With personnel made up of the administrator and administrative assistant, this area is responsible for the overall operation of the Division and all its programs, including operation of the air carrier airport at West Yellowstone. This includes the direct supervision of the two bureau chiefs, coordination of aviation matters with the director of the Department of Commerce, coordinating activities of the Aeronautics Board, representing the state in state and national aviation related matters, planning and directing sound fiscal activities for the Division as a whole, coordinating legislative activities for the Division both at the state and national levels, and representing aviation interests in Montana before state and national aviation organizations.

In recent years, administration has been largely responsible for overall coordination of the annual Montana Aviation Conference (1990 was the sixth such Conference) which brings together all facets of the Montana aviation community for the exchange of information, ideas, and

AERONAUTICS DIVISION



discussion of issues of concern.

The administration arm of the Division also provides administrative support for the Aeronautics Board, the Governor's Essential Air Service Task Force, and the Aviation Organizations of Montana.

#### Safety and Education Bureau:

This Bureau organizes and maintains a functional statewide air search and rescue organization. The Aeronautics Division is charged with this responsibility by agreement with the U.S. Air Force Rescue Coordination Center. The program is run through a network of volunteers. Civil Air Patrol resources are used where available. An Aeronautics Division employee is on call at all times, 24 hours per day, 365 days per year.

The bureau administers the aircraft and pilot registration - which is mandated by law. This involves processing registrations for approximately 2,700 aircraft and 2,300 pilots; collecting and recording registration fees, mailing licenses and decals to those registering, data entry and computer tracking of fees collected and reimbursement to counties of 90% of the aircraft fees collected.

The remainder of the Safety and Education Bureau programs fall under the mandate of the statutes to "provide for the protection and safety in aeronautics" (67-1-102, MCA.) The programs include:

1. Organizing and/or conducting various seminars and clinics for the purpose of educating pilots, flight instructors, search volunteers, and mechanics.
2. Producing a monthly aviation newsletter.
3. Organizing annual college accredited aviation/aerospace educator workshops. This program offers courses for Montana teachers for college credit.
4. Other projects that disseminate information about aviation and aviation safety include assisting teachers and schools in curriculum planning; conducting airport tours; participation in various career awareness projects which

include attendance at high school and college career fairs and the organization of an annual aviation awareness poster contest; Veterans Administration VA/State approval agent for flight schools, liaison between flight schools and the VA; and the operation of a film library for the loan of films and videos to schools, organizations, and pilot groups.

5. The Bureau is also actively involved in monitoring the construction of towers and other obstructions to air navigation, inspecting and identifying hazards, and recommending marking and lighting.

#### Airport/Airways Bureau:

Duties of the Airport/Airways Bureau generally fall under the charge to "encourage the establishment of airports and other air navigation facilities" and to "designate, design, and establish, expand, or modify a state airways system which will best serve the interests of the state" as required by 67-2-101, MCA. The Bureau performs the following major functions:

Provides technical support to communities for planning, construction, maintenance and other airport improvements. Includes review of construction plans, assisting communities in securing federal grant funds, providing training on airport lighting systems, beacons, and other navigational aids, and solving local airport problems.

Administers a Preliminary Engineering Grant Program which provides engineering grants to airport owners planning construction and/or improvement projects.

Conducts annual airport safety inspections under contract with the National Association of State Aviation Officials/Federal Aviation Administration. Between 85 and 100 Montana airports are inspected annually. Provides information to all federal, state, and private publishers of aeronautical guides, charts, directories, and other publications. Safety discrepancies are relayed to airport owners for corrective action.

Publishes an annual Airport Directory containing detailed information and drawings on Montana Airports. Updates the Aeronautical Chart every four or five years which depicts

airways, navigational aids, hazards, and terrain of the state.

Operates the statewide system of navigational aids which includes:

1. Non-directional radio beacons which include fifteen (15) VFR stations for en route and homing guidance for pilots and ten (10) which additionally have public use standard instrument approach procedures. The NDBs are maintained by 14 technicians under contract with the Division and the local communities.

2. Sixty-six (66) unicom (air-to-ground radios) statewide. These provide safety communications to pilots.

3. Operates and maintains system of eighteen (18) airway visual navigation beacons. These provide visual nighttime guidance through the mountains in western Montana. Four (4) airport beacons are also maintained.

Operates and maintains 13 state-owned airports. These airports were designed, built, and maintained by Division personnel. They provide emergency, recreational, or community airports. The Division also operates the air carrier airport at West Yellowstone.

Operates a program for resale of airport supplies. This includes an inventory of airport lighting equipment. Supplies are purchased in bulk quantities at substantial savings and then resold to Montana airports.

Maintains and updates the Montana Aviation System Plan. This provides a five-year airport improvement program for airports, reviews airport obstructions, and updates federal list of airports eligible for federal Aviation User Trust Fund money. The System Plan is updated periodically. Principal funding for these projects is provided by federal grants from the Federal Aviation Users Trust Fund.

#### Yellowstone Airport: (West Yellowstone)

The Division administrator and Airport/Airways Bureau provide the policy making, budgeting, administrative, personnel selection, airport tenant leases, airport safety and operation manuals, and major improvement and

construction projects coordination for the Yellowstone Airport.

A seasonal airport manager, firefighter supervisor, and part-time custodian provide the day-to-day operation of the Airport during the five-month summer season. The manager coordinates the efforts of the airport tenants, airlines, fixed base operator, three rental car agencies, and a cafe operator to ensure that they abide by the conditions of their leases and to assist them with any problems. The manager assures that the Federal Air Regulations relating to safety, security, and certification standards are being met. The manager and firefighter supervisor ensure that all airport firefighting facilities are at 100% readiness during airline service and large jet traffic.

The manager coordinates the efforts of the Interagency Fire Control Center Base located on the Airport with its aerial retardant aircraft, fire patrol flights, and smokejumpers.

#### BASE FUNDING

The Aeronautics Division is funded entirely from its earmarked revenue account. Funds deposited into this account include a 1 cent per gallon tax on aviation fuel, which amounts to the greatest share of Division income, 1/25 of 1 percent of the money collected on automobile gasoline (representing auto fuel used in aircraft), 10% of the total collected aircraft registration fees (the remaining 90% is returned to the counties), pilot registration fees, sale of miscellaneous publications, money collected through the resale program, and funds received under contract for the Airport Master Record inspections.

The portion of the aircraft registration fees (90%) that are returned to the counties are statutorily appropriated in Title 17-7-502, MCA.

The Yellowstone Airport is entirely self-sustaining and operates out of a proprietary account with the following revenue sources: 6% from landing fees which are based on gross plane weight; 7% from fuel flowage based on a percentage of the 5 cent per gallon charged by a fixed base operator; 25% from rent charged for floor space in the

terminal building; 32% from the percentage of gross sales receipts from lessees such as car rentals, the restaurant, and gift shop; and 9% from miscellaneous tie-down, taxi, and other fees, and 21% for airline property taxes collected by Gallatin County and transferred to the Yellowstone Airport for taxes on airline aircraft and other equipment serving the airport.

# PERFORMANCE INDICATORS

	FY 90 Actual	FY 91 Enact	FY 92 Base	FY 93 Base
Aircraft Registrations	2,700	2,700	2,700	2,700
Pilot Registrations	2,200	2,200	2,000	2,000
School Tours Organized	23	25	25	25
Safety Seminars Conducted	6	6	6	6
Teacher Workshops Conducted	15	15	15	15
Mountain Search Clinic	1	1	1	1
Engineering Grants Awarded	15	15	15	15
Airport Inspections Conducted	76	90	90	90
Yellowstone Airport: Airline, air taxi and charter passengers	6,078	6,100	6,100	6,100

Since a great deal of Division time in both Bureaus is spent in general support of and research for communities and individuals in the aviation community, this time is extremely difficult to quantify.

## Increase or Decrease from Base

### Current Level Adjustments

One vacant FTE was transferred from the Aeronautics Division to the Montana Promotion Division in order to better utilize department staff resources. This transfer has been implemented in FY91. Also, a .50 and a .10 FTE were consolidated within the program to provide temporary help for pilot and aircraft registration.

FY92 - (\$21,075) FY93 - (\$20,493)

Equipment for the Aeronautics Division is increased over the base to purchase 3 satellite computerized weather briefing stations and 1 electronic computerized navigational system for aircraft.

FY92 - \$3,000 FY93 - \$ 0

The West Yellowstone Airport proprietary funding is increased by \$11,732 in FY92 and \$11,565 in FY93. Costs for supplies and maintenance have increased during the 90-91 Biennium. This increase is offset by a decrease in the earmarked account for the Division.

### Program Enhancements

#### West Yellowstone Airport Maintenance

The West Yellowstone Airport is requesting proprietary authority in FY92 to meet requirements of the Federal Aviation Administration for airport runway restriping and establishment of a radio control lighting system.

FY92 - \$17,000 FY93 - \$ 0

# TRANSPORTATION DIVISION

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	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992			Fiscal 1993		
			Base	Incr/Decr	Recommended	Base	Incr/Decr	Recommended
Full Time Equivalent Employees	13.50	13.50	.00	.00	.00	.00	.00	.00
Personal Services	405,221.31	510,187	0	0	0	0	0	0
Operating Expenses	247,047.91	624,470	0	0	0	0	0	0
Equipment	6,438.78	500	0	0	0	0	0	0
Grants	775,051.01	1,346,478	0	0	0	0	0	0
Total Agency Costs	<b>\$1,433,759.01</b>	<b>\$2,481,635</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
General Fund	466,013.21	562,780	0	0	0	0	0	0
State Special Revenue Fund	71,250.00	585,722	0	0	0	0	0	0
Federal Special Revenue Fund	896,495.80	1,333,133	0	0	0	0	0	0
Total Funding Costs	<b>\$1,433,759.01</b>	<b>\$2,481,635</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Overview

The Transportation Division consists of two bureaus, the Intermodal Commodities Bureau (ICB) and the Passenger Bureau (PB).

The Division is responsible for the recommendation of policies and for improvement of Montana's transportation system. The Division provides: 1) technical assistance to local communities and transit authorities for planning, organizing, operating and funding transportation systems; 2) administration of federal funds for capital, planning and operating transit subsidy; 3) a yearly update of the State Rail Plan, administration of federal and other funds for rail and related facility rehabilitation; 4) monetary assistance to communities through grants, loans and rail bonding authority; 5) representation of shippers and the State before the Interstate Commerce Commission and courts on rate issues, branchline abandonments and service.

The Transportation Division consists of 13 full-time employees: Administrator, Attorney, Administrative Officer, Program Assistant; four employees in the ICB; and five in the PB.

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The Department of Transportation, as proposed by the Governor, includes the Transportation Division from the Department of Commerce.

## Goals

To provide technical and financial assistance to local officials, communities, transit operators and users in the planning, development and financing of passenger transportation services;

To work with Montana's producers and shippers in preserving and maintaining a viable and competitive transportation system.

## Authorization

Title 60, Ch. 11, MCA Rail Transportation  
Title 60, Ch. 21, MCA Public Transportation  
Title 69-14-101, MCA Rail Planning

AERONAUTICS DIVISION

## **Base Program**

### **Intermodal Commodities Bureau (ICB)**

The ICB administers multiple phases of an integrated multimodal state transportation program.

The program elements include: planning, project development and implementation, construction, facility operation and management audit, right-of-way and property control, transportation industry promotion, public assistance and state public policy response. State issues relating to rails, waterways, recreation trails, energy transportation, power networks, multi-use transportation corridors and highways are addressed by the ICB.

### **Rail Program**

ICB is the designated state rail planning agency. A state rail plan must be developed and kept current to remain eligible for US DOT funding.

Rail carriers operating in Montana under ICC jurisdiction are required to report their system activities to the ICB. The ICB functions as a clearinghouse to formulate statewide public response to these rail actions.

### **Examples**

1. McCarty Farms, Section 229 Rates
2. Branchline abandonments e.g. Scobey-Opheim, highway impact studies
3. Mergers, divestitures, bankruptcies
4. Service Faults, e.g. COR program, car supply
5. National Legislation, e.g. labor relations, deregulation

The ICB is involved in grant programs involving multiple state and federal agencies. Project construction requires ICB technical evaluation and monitoring. This is handled at all phases: from design, to materials, to construction

practices in installation, to financial billing and accounting.

The state has acquired two rail properties which are administered by the ICB. The rights-of-way are a complex legal structure. Leases, easements and titles on hundreds of parcels are handled by the ICB staff. One example of a right-of-way problem includes major liability exposure as a named responsible party in the EPA Superfund Butte Priority Soils Project. These rail systems have problems with structures, hydrology, soils and materials which require ICB involvement. These railroad properties are covered under historic preservation statutes and the ICB is involved in that process.

The ten-year old McCarty Farms litigation involves market dominance of a single rail carrier and record evidence based on rate and costing specialties. This case has the potential of tens of millions of dollar impacts on Montana's grain industry.

Rail labor legislation impacting rail costs, land grant taxation, leveraged buyouts, revenue-to-variable cost standards, uniform rail costing models, quarterly cost index adjustments, contract rates, car supply and certificates of transportation are national rail related issues the ICB monitors and responds to on behalf of Montana.

### **Waterways**

The ICB monitors activities on the Columbia-Snake River system and West Coast ports because it is an important waterway link for Montana agriculture commodities. User fees, fuel taxes, strikes, embargoes, equipment shortages, impact the transportation costs paid by Montana shippers.

The Missouri and Mississippi-Gulf system is also monitored because the lack of water in the Mississippi River can force traditional barge traffic to seek a railroad alternative. This in turn affects the rail car supply which Montana believes is contributing to the car shortage which is severely impacting the state this year.

### **Recreation**

The Butte Historic Railroad, a unique recreational railroad, operates on rail properties leased from the Department of Commerce. The ICB provides technical railroad operations advice and assistance to the local community operators.

The ICB works with special interest groups such as Rails-to-Trails and local adjacent landowners on projects associated with rail properties. The Department of Agriculture - Forest Service and the Bureau of Land Management play major roles in passing the Rails-to-Trails program down to the states. The ICB coordinates with these federal agencies.

#### **Intermodal Transfer**

Intermodal transfer refers to the technologic advancement of the transportation industry to mechanize and coordinate between modes. The ICB was directly responsible for hub facility development at Silver Bow. The ICB secured funding and worked directly on design and construction of the facility. It now monitors the energy savings through special computer models.

A similar operation is under way at Shelby.

#### **Passenger Bureau**

The PB is the designated state transit planning agency. The Bureau is responsible for the planning of public transit and for administering various public and state programs of technical and financial transit assistance.

This program involves transit planning, program administration, project development, vehicle procurement, financial management, project monitoring, technical assistance and training.

#### **Transit Planning**

The PB receives grants from the Urban Mass Transportation Administration (UMTA) for conducting transit-related studies, providing transit planning assistance to nonurbanized localities, assisting in the administrative costs of the elderly and handicapped transportation

program, and aiding elderly and handicapped transit providers and urban transit operators in gaining exposure to in-depth technical aspects of transit through conference programs. Local planning is essential before project money for vehicles, facilities, or operating can be obtained.

The PB administers transit planning grants to the Billings, Great Falls and Missoula city-county planning offices. The PB reviews the planning process and certifies each planning process. The PB provides guidance on national emphasis areas such as elderly and handicapped service planning, clean air, alternative fuels planning, disadvantaged, Business Enterprise planning, financial planning, competitive contract planning, suburban mobility planning, and safety/alcohol/drug control planning.

#### **Vehicle Procurement**

The PB administers two federal programs which provide matching funds for the procurement of vehicles and related transportation equipment like wheelchair lifts, emergency radios and computers. Non-profit organizations receive capital funds for the procurement of vans and small buses for the transportation of elderly and handicapped. The PB monitors the use of each vehicle until it has depleted its useful life.

It should be noted that tens of thousands of federal and state dollars fund the operations of these vehicles. These funds are administered by social service agencies within the Departments of Social and Rehabilitative Services, Family Services and the Governor's Aging Office.

The other program provides capital on a matching basis for the procurement of vehicles and equipment used to transport the general public in non-urbanized areas.

#### **Financial Management**

The PB provides operating grants to communities and rural areas of less than 50,000 population for the provision of public transit service. These programs must demonstrate a need for general public transportation.

The PB, under Section 7-14-2-2, MCA, is charged with the responsibility to allocate one-half of the gas tax revenues



appropriated for transit purposes among cities and urban transportation districts of the State. These funds are used for operating subsidy of general public transportation systems.

#### **Technical Assistance and Training**

The PB provides training, technical assistance, research and other support services for nonurbanized transit on the following topics: Substance Abuse, Awareness in Rural Transit; Understanding the Capabilities and Needs of special Passengers; Emergency Procedures for Rural Transit Drivers; Public Private Partnerships in Rural Transit; Essentials in Dispatching; Board Training; Developing Drug Testing Programs.

#### **Program Administration**

The PB solicits preapplications for the federal grant programs, conducts application workshops, reviews, screens and ranks applications. Once applications are approved, contracts are drawn up. Quarterly reports are reviewed and requests for funds are disbursed.

#### **Project Monitoring**

All grants through the PB are monitored on a regular basis, depending on the specific grant requirement. All grantees are visited at least once a year and a review is done of the entire program. Vehicle usage is monitored quarterly throughout a vehicle's useful life. Grantees of operating and planning funds are reviewed each quarter. Vehicles are physically inspected every other year.

#### **AMTRAK Rail Passenger Statistics**

Aside from maintaining monthly ridership statistics for the AMTRAK Empire Builder for each of the eleven stations across northern Montana and conducting Empire Builder station inspections, the PB also explores the feasibility of requested rail passenger service concepts.

#### **Base Funding**

The Division is presently funded by Federal funds (Federal Rail Administration, Urban Mass Transportation Administration), state gas tax fund and general fund. There is currently a biennial appropriation for the McCarty Farms lawsuit from the general fund in addition to the regular general fund appropriation. Other funds are also received, such as Wheat Commission grants, Federal Highway grants, and special one-time federal grants. (Port of Montana hub facility, drug grants)

# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Transit vehicles purchased and inspected	10	8	9	9
Grant Applications Reviewed, Approved/Funded/Monitored	38	41	43	50
Vehicles Specifications Written	10	8	9	9
Program Management Reviews	6	6	6	6
On-Site Reviews	55	58	60	62
Vehicle Inspections	91	0	91	0
Workshops Conducted	8	13	17	16
Transit Development Plans Completed	2	1	1	2
Passenger Bureau Data Base Developed/Updated	1	1	1	1
Abandonment filings	2	1	1	1
Abandonment hearings	1	1	1	1
ICC Ex Parte Proceedings	6	6	8	8
Weeks of Shortline Assistance	12	12	12	12
Rights of Way Agreements, Leases monitored	20	20	20	20
Rail Construction Projects	1	2	1	1
Rail Salvage Projects	0	1	1	0

AmTrak Rail Passenger Studies	4	4	4
Transportation Rate Studies	6	6	6
Special Transportation Studies	6	6	6

### Increase or Decrease from Base

#### Current Level Adjustments

Personal Services reflects a reduction of 1.50 FTE. One position, vacant because of reorganization, was transferred to the Business Development Division. A .50 FTE was deleted due to decreased federal funding.

FY92 - (\$51,117) FY93 - (\$50,966)

The McCarty Farms appropriation has been established as continuing in the first year of the biennium.

FY92 - \$90,000 FY93 - (\$90,000)

The Department is requesting spending authority for Local Rail Service Assistance (LRSA) funds. These funds are received from the Federal Railroad Administration of the U.S. Department of Transportation. Funds are used for various railroad construction and rehabilitation projects. Railroad construction projects are funded 70% with LRSA and 30% with local match. No state funds are required. The Department has requested that this appropriation be established as a biennial appropriation.

FY92 - \$500,000 FY93 - \$0

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## BUSINESS DEVELOPMENT DIVISION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
	17.00	17.00	16.00	7.00	23.00	16.00	7.00	23.00
Personal Services	509,020.83	534,750	543,030	214,797	757,827	543,142	214,308	757,450
Operating Expenses	715,007.27	864,131	885,085	143,376	1,028,461	884,708	143,988	1,028,696
Equipment	21,805.15	1,250	1,250	10,677	11,927	1,250	10,461	11,711
Grants	1,303,767.63	1,311,475	1,311,475	781,444	2,092,919	1,311,475	782,445	2,093,920
<b>Total Agency Costs</b>	<b>\$2,549,600.88</b>	<b>\$2,711,606</b>	<b>\$2,740,840</b>	<b>\$1,150,294</b>	<b>\$3,891,134</b>	<b>\$2,740,575</b>	<b>\$1,151,202</b>	<b>\$3,891,777</b>
General Fund	677,878.32	737,198	766,176	66,900	833,076	765,911	66,808	832,719
State Special Revenue Fund	324,305.15	348,333	348,333	155,267	503,600	348,333	155,266	503,599
Federal Special Revenue Fund	1,547,417.41	1,626,075	1,626,331	928,127	2,554,458	1,626,331	929,128	2,555,459
<b>Total Funding Costs</b>	<b>\$2,549,600.88</b>	<b>\$2,711,606</b>	<b>\$2,740,840</b>	<b>\$1,150,294</b>	<b>\$3,891,134</b>	<b>\$2,740,575</b>	<b>\$1,151,202</b>	<b>\$3,891,777</b>

## Overview

The Business Development Division provides the direct technical assistance component of the state's economic development programs. The Division's Small Business Development Center (SBDC) program has offices in Glendive, Bozeman, Kalispell and Helena to provide direct assistance to small businesses in finance, marketing, export and data systems. The Helena Office includes the Business Licensing Center and provides coordination for the Montana Ambassadors program. The Community Development Block Grant program helps local communities fund economic development projects. The Business Location program provides general and detailed research assistance to firms considering expansions or relocations to Montana, and seeks to attract firms in targeted industries to consider Montana locations.

The Business Development Division's International Trade program is designed to help Montana business firms compete successfully in international markets. The Division has traditionally focused on Asian markets. This area represents the fastest growing market in the world, and because of traditional business practices and complexities, government involvement on a case-by-case basis is typically required.

## BUSINESS DEVELOPMENT

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
	16.00	16.00	15.00	5.00	20.00	15.00	5.00	20.00
Personal Services	464,391.24	497,487	504,910	143,612	648,522	505,084	143,287	648,371
Operating Expenses	374,292.16	428,680	446,149	94,771	540,920	446,864	95,390	542,254
Equipment	14,154.87	1,250	1,250	5,074	6,324	1,250	4,769	6,019
Grants	1,303,767.63	1,311,475	1,311,475	781,444	2,092,919	1,311,475	782,445	2,093,920
Total Agency Costs	\$2,156,605.90	\$2,238,892	\$2,263,784	\$1,024,901	\$3,288,685	\$2,264,673	\$1,025,891	\$3,290,564
General Fund	579,049.34	572,683	598,136	11,507	609,643	599,025	11,497	610,522
State Special Revenue Fund	30,139.15	40,134	39,317	85,267	124,584	39,317	85,266	124,583
Federal Special Revenue Fund	1,547,417.41	1,626,075	1,626,331	928,127	2,554,458	1,626,331	929,128	2,555,459
Total Funding Costs	\$2,156,605.90	\$2,238,892	\$2,263,784	\$1,024,901	\$3,288,685	\$2,264,673	\$1,025,891	\$3,290,564

## Goals

The goal of the Business Development Division is to promote job and income growth in Montana by:

providing management consulting, training and information to the business and economic development community, identifying and pursuing strategic marketing opportunities for Montana industries, and identifying and advocating strategic development opportunities for public or private sector action.

## Authorization

Title 30-16-201, MCA Provides for establishment and operation of the small business licensing coordination center.

## Base Program

The major components of the Division's base level program are the Small Business Development Center, Community Development Block Grant and Business Location programs.

Small Business Development Center -- maintains offices in Glendive, Kalispell, Bozeman and Helena to provide management consulting, training and information to the business and economic development community. Assistance is provided in the areas of:

Finance; e.g. record-keeping, cost accounting, financial management, financing proposals and business plans.

Marketing; e.g. marketing techniques and introduction to out-of-state market opportunities.

International Trade; e.g. customs and tariff information, foreign market information, and foreign product specifications.

Data/Information Systems; e.g. electronic data searches, assistance with selection and utilization of computer equipment, and maintenance of an electronic bulletin board for economic development and business data.

Small Business Advocacy; e.g. distribution of information concerning the state licensing requirements for businesses and providing assistance to businesses applying for licenses and permits, serving as an advocate for small businesses, and coordinating the Montana Ambassadors program for business recruitment and retention efforts.

The objective of this program is to create and retain Montana jobs and increase sales by Montana firms by providing high quality training and technical assistance to small businesses in Montana. The program's success is measured by:

1. The quantity of assistance provided,
2. The quality of the services provided (i.e. client satisfaction), and
3. The performance of client businesses (those who have received finance, marketing, export or data/information services) compared to that of non-client businesses.

**Community Development Block Grant** -- provides economic development funding to local communities.

The objective of this program is to stimulate economic development activity by helping the private sector create or retain jobs for low to moderate income persons. The program's success is measured by:

1. Number of businesses assisted,
2. Number of jobs created or retained, and
3. Dollars leveraged

**Business Location** -- promotes Montana to out-of-state firms planning relocations or expansions. Targeted industry recruitment and responses to business or investor inquiries are the primary program focuses.

The objective of this program is creation or retention of Montana jobs. The program's success is measured by:

1. Number of location assistance cases,
2. Response turnaround times, and
3. Jobs created/retained by firms receiving substantial assistance from the program

### **Base Funding**

The majority of the Division's funding is obtained through federal grants from the Small Business Administration and the Department of Housing and Urban Development. The general fund provides required state match for federal grants and supports the Business Licensing, Business Location and Small Business Advocacy programs.

## Performance Indicators

### Small Business Development

#### Quantity Measures

Licensing Asst Cases  
Counseling(brief)  
Counseling (in depth)  
Seminars  
Training Hours  
Trade Shows

FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
2,000	2,500	2,500	2,500
1,500	1,700	1,850	1,850
375	400	450	450
88	90	100	100
9,447	10,000	11,100	11,100
6	6	6	6

#### Quality Measures

Percent Training  
Rated Excellent  
or Better  
Percent Counseling  
Rated Excellent  
or Better

85%	85%	85%	85%
85%	85%	85%	85%

Client Performance Measures  
Client Performance  
Exceeding Industry/  
Area Average

75%	75%	75%	75%
-----	-----	-----	-----

### CDBG Business Assistance

Businesses Assisted  
Jobs created/retained  
Dollars Leveraged

5	5	5	5
100	100	100	100
2,500,000	2,500,000	2,500,000	2,500,000

### Business Location

Location Cases  
Response Time  
Jobs

300	300	300	300
3 days	3 days	3 days	3 days
150	150	150	150



## **Increase or Decrease from Base**

### **Current Level Adjustments**

Personal services & operating expenses show a net increase due to adjustments in employee benefits & department fixed costs.

FY92 - \$11,507    FY93 - \$11,497

The Department requests an increase by \$644,175 in federal grant expenditures associated with the Community Development Block Grant Program (CDBG). The amount of unexpended funds in each state's letter-of-credit in the state CDBG Program was examined by the U.S. Department of Housing and Urban Development (HUD). Many states, including Montana, had excessive amounts of unexpended funds. HUD has mandated that states implement timely CDBG projects. This has resulted in an increase in the timeliness of CDBG project grant expenditures. CDBG grants are funded 100% with federal funds.

FY92 - \$644,175    FY93 - \$644,175

### **Program Enhancements**

#### **Defense Logistics Agency Contract**

In September, 1989, the Department received a federal grant to implement and operate a Procurement Technical Assistance Program for small businesses. The program provides training in marketing, bidding procedures, quality control, payment procedures and other technical aspects of contracting with the federal government. Montana ranks 46th out of 50 in per capita government procurement awards. This program is a major step toward overcoming the barriers to entry in government bidding procedures, quality control, payment procedures and other technical aspects of contracting with the federal government. There are four FTE tied to this program. The program is funded by \$114,000 of federal funds, and \$50,266 of private contributions and program income.

FY92 - \$164,267    FY93 - \$164,266

#### **EDA / CDBG Revolving Loan Fund**

The Business Development Division is requesting federal authority to establish a revolving loan program to be used to loan funds to businesses to create jobs for Montanans.

Loan funds will be generated by repayments received by the division on an Economic Development Administration Grant of \$840,000 along with a Community Development Block Grant of \$300,000 loaned to communities in FY91. Loan repayments would be authorized to be expended by the state in compliance with its grant agreements with EDA and the Federal Department of Housing and Urban Development. One FTE is requested with this program.

FY92 - \$169,952    FY93 - \$170,953

### **Increase in Private Funds**

The Business Development Division has had increased growth in receiving private income. This is primarily due to the establishment of the Small Business Development Center within the existing program. The Department is also requesting an increase in private funds authority that is associated with the Defense Procurement Program (see Defense Procurement Program budget issue). Private income is received from a wide variety of sources. This includes trade shows, training fees, sale of documents such as manufacture's directory, private contributions and income for services. The funds are required by federal agreement to be spent to further the objectives of the federal program. Private funds authority is increased by \$35,000 to equal the estimated revenue that will be received.

FY92 - \$35,000    FY93    \$35,000

## INTERNATIONAL TRADE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993		Recommended
			Base	Incr/Decr	Base	Incr/Decr	
Full Time Equivalent Employees	1.00	1.00	1.00	2.00	1.00	2.00	3.00
Personal Services	44,629.59	37,263	38,120	71,185	38,058	71,021	109,079
Operating Expenses	340,715.11	435,451	438,936	48,605	437,844	48,598	486,442
Equipment	7,650.28	0	0	5,603	0	5,692	5,692
Total Agency Costs	\$392,994.98	\$472,714	\$477,056	\$125,393	\$475,902	\$125,311	\$601,213
General Fund	98,828.98	164,515	168,040	55,393	166,886	55,311	222,197
State Special Revenue Fund	294,166.00	308,199	309,016	70,000	309,016	70,000	379,016
Total Funding Costs	\$392,994.98	\$472,714	\$477,056	\$125,393	\$475,902	\$125,311	\$601,213

## Goals

The goal of the International Trade program is to enhance the marketability of Montana goods and services in International markets. The market areas being emphasized are:

- export of value-added merchandise
- export of bulk and value-added agricultural products
- promotion of Montana as a travel destination, and
- reverse investment (joint ventures and commercial projects in Montana)

## Base Program

The major components of the base level program are Pacific Rim Officer, the Tokyo Office and the Taipei Office.

**Pacific Rim Officer** -- coordinates the overall program, monitors the performance and activities of the Tokyo and Taipei offices, and provides direct assistance to Montana business firms.

**Montana Tokyo Office and Montana Taipei Office** -- locate markets for Montana products, assist Montana and Asian firms resolve technical and governmental problems that may be preventing the sale of Montana products, and coordinate

Montana-oriented public relations efforts.

The objective of this program is creation or retention of Montana jobs and increased sales by Montana firms. The program's success is measured by:

1. Number of contacts with Montana exporters and Asian buyers,
2. Dollar volume of reported client sales in Asian Markets,
3. Public relations exposure on Montana in Asian markets, and
4. Dollar volume of Asian investment in Montana.

## Base Funding

The base level program is supported by general fund, Growth Through Agriculture funds, Montana Promotion funds, and private funds.

## Performance Indicators

### Pacific Rim

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Contacts	3,000	3,000	3,000	3,000
Dollar Volume of Client Sales in Asian Markets	\$20 M	\$25 M	\$25 M	\$25 M
Public Relations Exposure	4	4	4	4
Asian Investment in Montana	\$10 M	\$5 to 30 M	\$5 to 30 M	\$5 to 30 M

## Increase or Decrease from Base

### Current Level Adjustments

Personal services & operating expenses show a net increase due to adjustments in employee benefits & department fixed costs.

FY92 - \$498 FY93 - \$491

### Program Enhancements

#### International Affairs Coordinator

The Business Development Division has a Canadian and Pacific Rim International Trade Program that promotes Montana export, foreign investment, agriculture and tourism activities. An International Affairs Coordinator position has been created to support and complement these trade-specific programs by handling a broad range of international activities not directly related or confined to commercial activity. These activities include hosting, protocol, information exchange related to educational/professional/cultural, mission and exhibition logistics, public relations, and coordination of interdepartmental projects. In the short time that the state has been involved in international trade, major economic benefits have materialized. The position is needed to expand the state's involvement in international trade. Funding will

come from \$40,079 of general fund and \$15,000 of accommodations tax per fiscal year. One vacant FTE has been transferred from the Transportation Division to the Business Development Division.

FY92 - \$55,079 FY93 - \$55,079

#### Canadian Trade Office

The Department has established a Canadian Trade Office to maximize opportunities for Montana firms to market their products in Canada. This office was established by utilizing borrowed resources and personnel loaned from the private sector in FY 91. Approval of this issue will make this office an on-going function of the Business Development Division. Continuation of this office is needed to expand sales by Montana firms to Canadian buyers. One FTE is associated with this program. The office will be funded by \$55,000 from a combination of four sources: Growth through Agriculture, Wheat and Barley Research, Beef Research and private funds and \$14,816 in FY 92 and \$14,741 in FY 93 from the general fund.

FY92 - \$69,816 FY93 - \$69,741

65015200.000

## MONTANA PROMOTION DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	16.33	17.04	16.33	1.00	17.33	16.33	1.00	17.33
Personal Services	382,592.54	445,172	447,755	28,852	476,607	447,031	28,787	475,818
Operating Expenses	3,405,526.28	3,136,544	3,195,720	788,252	3,983,972	3,195,413	1,026,797	4,222,210
Equipment	17,266.12	1,000	1,000	0	1,000	1,000	0	1,000
Local Assistance	1,356,087.00	1,118,676	1,118,676	258,507	1,377,183	1,118,676	338,058	1,456,734
<b>Total Agency Costs</b>	<b>\$5,161,471.94</b>	<b>\$4,721,392</b>	<b>\$4,763,151</b>	<b>\$1,075,611</b>	<b>\$5,838,762</b>	<b>\$4,762,120</b>	<b>\$1,393,642</b>	<b>\$6,155,762</b>
State Special Revenue Fund	5,161,471.94	4,721,392	4,763,151	1,075,611	5,838,762	4,762,120	1,393,642	6,155,762
<b>Total Funding Costs</b>	<b>\$5,161,471.94</b>	<b>\$4,721,392</b>	<b>\$4,763,151</b>	<b>\$1,075,611</b>	<b>\$5,838,762</b>	<b>\$4,762,120</b>	<b>\$1,393,642</b>	<b>\$6,155,762</b>

## Overview

The Montana Promotion Division is charged with generating revenues for Montana by increasing the number of nonresident visitors, travel expenditures and expenditures by nonresident production companies (motion picture and TV commercials) in the state.

This is accomplished through consumer advertising, publicity, international and domestic group travel marketing, printing/distribution of literature and marketing to motion picture and TV production companies.

Additionally, the Montana Promotion Division provides training and assistance to the Montana tourism industry and oversees budget expenditures by the various non-profit corporations funded by the Montana lodging tax.

## Goals

To effectively and competitively promote the state as a travel destination, in a manner consistent with the Governor's agenda.

To provide high quality services to consumers, the travel

trade and the production companies who seek assistance from the Montana Promotion Division.

To help increase the effectiveness of the Montana travel industry by providing training and technical assistance to tourism organizations and businesses.

To oversee budget expenditures by the non-profit tourism organizations funded by the lodging tax, ensuring compliance with the rules and policies set by the Governor's Tourism Advisory Council and state law.

To leverage the lodging tax revenues in order to raise cooperative marketing funds from the private sector, and other state/provincial tourism offices, thus increasing the effectiveness of the Division's marketing efforts.

## Authorization

Sections 15-65-101, 15-65-102, 15-65-111 through 15-65-115, 15-65-121, 15-65-122 and 2-15-1816, MCA, The Montana Lodging Facility Use Tax, provide for the existence of the state tourism promotion program.

## Base Program

The Montana Promotion Division performs its mandate under the direction of the Department Director, according to guidelines set by the Governor's 15 member Tourism Advisory Council. Following is an overview of the Division's main activity areas:

1. Consumer Advertising is aimed at creating and increasing consumer awareness of Montana as a vacation destination, thereby increasing nonresident travel to Montana. Consumer advertising is also needed to provide a fertile environment for the publicity and group travel programs, as well as for the efforts of various Montana tourism organizations and businesses. In order to defray costs and increase the media exposure of the various advertising campaigns, the Montana Promotion Division regularly undertakes joint advertising campaigns with several states/provinces.

Results of the advertising campaigns are tracked and measured periodically through statistically valid studies (i.e. - in 1989 Montana and the province of Alberta each invested \$15,000 U.S. toward a cooperative magazine advertising campaign, which studies show generated nearly \$12 million in direct revenues for Montana and Alberta. Montana's return was \$182.50 per dollar invested in the campaign.)

2. International Marketing efforts are aimed at developing and increasing individual and group travel to Montana by targeting tour operators and the media in Canada, Japan, Taiwan and select western European countries.

The key element of the Division's international marketing efforts is personal contact, which is achieved through trade missions, attendance at international travel trade shows and during tour operator and media familiarization tours to Montana. Year-round support services are provided in Japan and Taiwan by Montana Trade Office representatives and in Europe by a contracted representation firm, both working under direction of the Division.

Additionally, the Division produces and distributes promotional/educational literature and videos, places advertisements in targeted publications and undertakes

cooperative ventures with other states and the U.S. Department of Commerce.

3. Domestic Group Travel efforts are quite similar in scope to the group travel efforts undertaken in the international markets, with personal contact remaining the primary form of marketing. The Division is represented at 3 trade shows and provides personalized assistance to over 700 tour operators annually.

4. Publicity efforts are designed to secure positive national editorial coverage of Montana. The Montana Promotion Division stimulates and influences editorial coverage of Montana travel topics through the following means: Sales calls and personalized contacts, writer familiarization tours, newsletters to targeted editors and the production of editorial-style videos for use by independent television stations.

By coordinating the Publicity efforts with Consumer Advertising, the Division is also often able to leverage advertising dollars in order to receive editorial coverage.

Publicity results are measured by tracking magazine, newspaper and television stories generated through the efforts of the Division. The stories are catalogued and valued according to their equivalent advertising value.

5. Publications play an important part in the consumer's vacation planning process. The aim of this area of the Division is to produce and effectively distribute high quality, reader-friendly publications which portray the variety of recreational opportunities available in Montana.

In order to defray costs and increase the usefulness of the publications and service to Montana tourism businesses, the Montana Promotion Division provides advertising space in some of the consumer publications.

6. Consumer Services serve a dual purpose: To provide consumers with travel literature and assistance and to produce and maintain accurate statistical data for the evaluation of the Division's advertising efforts.

The largest number of calls are now handled through the tourism telemarketing center, which operates out of the

Montana State Prison in Deer Lodge. The center is staffed by trained inmates and supervised by a civilian employee, under the close direction and monitoring of the Montana Promotion Division.

Under base funding, the Division's objective is to provide travel literature and/or travel planning assistance to 400,000 consumers, assuming a 10% increase in workload.

7. Movie & TV Location - the Montana Promotion Division actively promotes Montana as a location for the filming of motion picture & TV commercials. In order to make the initial contacts, the Division participates in trade shows and places ads in targeted publications. Once there is an interest on the part of the production companies, the Division provides support services such as counseling, help with location scouting, permits, local crews and a variety of situations unique to each project.

The objective is to entice producers and editors to Montana and to provide them with technical and administrative assistance that will make it more attractive for them to film in Montana than in other states.

8. Superhost is a hospitality training program aimed at assisting communities in the development and maintenance of a high level of visitor services by front line staff. The end result is to have visitors extend their length of stay, return again and/or encourage others to visit Montana.

The Division creates awareness of the program within Montana communities in order to create demand for certification, coordinates annual training sessions, develops training programs and materials and assists communities in setting up their own training programs.

Once communities are Superhost certified, there is the need for program maintenance and the periodic re-certification process.

9. The Regional Marketing area administers the distribution of lodging tax revenues to the various non-profit corporations within the framework of the law and the guidelines established by the Governor's Tourism Advisory Council.

In order to properly administer those funds, the Division must produce reliable revenue projections, closely monitor implementation of programs and the expenditure of funds, and provide marketing and accounting assistance to the various organizations.

### **Base Funding**

The entire tourism and movie location promotion program is funded by the Montana Lodging Facility Use Tax. The portion of the Montana Lodging Facility Use Tax received by the Montana Promotion Division is statutorily appropriated.

Seventy-five percent of the lodging tax funds received by the Montana Promotion Division are used for promotional efforts and for operation of the Division. The other twenty-five percent is returned to non-profit tourism organizations, according to the provisions of the Lodging Tax Law.

Through various cooperative marketing efforts, the Division also raises approximately \$350,000 in funds from the private sector, federal agencies and other state/provincial tourism offices.



## Performance Indicators

### Consumer Services

counseling and/or  
literature packets

FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
400,000	400,000	400,000	400,000

### Consumer Advertising

summer TV exposure	68.4 mill	68.4 mill	68.4 mill
	(figure represents household impressions)		
magazine exposure	56,715,000	56,715,000	56,715,000
	(figure represents circulation)		

## Increase or Decrease from Base

### Current Level Adjustments

The department transferred one vacant FTE from Aeronautics Division to the Montana Promotion Division. Additional human resources are needed in the Promotion Division due to increased workload created by growth in Montana's tourism industry. FY92 - \$28,852 FY93 - \$28,787

Operating expenses show a net increase due to increases in communications and computer maintenance and department fixed costs.

FY92 - \$12,731 FY93 - \$12,621

### Program Enhancement

#### Bed Tax Revenue Increase

Due to annual increases in lodging facility tax revenues, the Montana Promotion Division needs to obtain an increase in spending authority above the division's base. Funds will be primarily used for advertising & local assistance. Funds are statutorily appropriated per MCA 15-65-121.  
FY92 - \$1,034,028 FY93 - \$1,352,234



## HOUSING &amp; COMMUNITY DEVELOPMENT BUREAU

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	19.00	19.00	19.00	-.50	18.50	19.00	-.50	18.50
Personal Services	506,008.09	594,679	590,534	-9,453	581,081	590,557	-9,443	581,114
Operating Expenses	339,649.58	369,425	391,656	73,632	465,288	375,665	73,651	449,316
Equipment	17,233.30	450	450	4,612	5,062	450	4,706	5,156
Grants	15,387,279.24	18,755,718	19,938,886	3,590,890	23,529,776	19,938,886	3,600,693	23,539,579
Transfers	1,032,929.41	0	0	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$17,283,099.62</b>	<b>\$19,720,272</b>	<b>\$20,921,526</b>	<b>\$3,659,681</b>	<b>\$24,581,207</b>	<b>\$20,905,558</b>	<b>\$3,669,607</b>	<b>\$24,575,165</b>
General Fund	183,559.75	213,495	214,623	11,128	225,751	210,609	13,040	223,649
State Special Revenue Fund	2,460,334.10	3,058,590	4,245,893	-1,017,085	3,228,808	4,243,763	-1,017,036	3,226,727
Federal Special Revenue Fund	14,639,205.77	16,448,187	16,461,010	4,665,638	21,126,648	16,451,186	4,673,603	21,126,789
<b>Total Funding Costs</b>	<b>\$17,283,099.62</b>	<b>\$19,720,272</b>	<b>\$20,921,526</b>	<b>\$3,659,681</b>	<b>\$24,581,207</b>	<b>\$20,905,558</b>	<b>\$3,669,607</b>	<b>\$24,575,165</b>

## Overview

The Housing and Community Assistance Bureau exists to provide assistance to local governments, private developers, low and moderate income families, and to the general public in the areas of: public works planning and financing, land use and development and financing, low income rent assistance, coal and hard rock mining impact mitigation, and general local government research and development. The bureau administers the following major programs:

Montana Coal Board - provides grants to local governments where adverse impacts have occurred as a result of large scale coal development. The program is directed by a gubernatorially appointed board that acts on applications from local governments for public facilities or services intended to mitigate negative public fiscal impacts.

Hard Rock Mining Impact Board - assists mining developers and local governments in preparing and implementing impact plans for new large scale hard rock mining developments. This gubernatorially appointed board arbitrates disputes, makes determinations on impact plan waivers, and generally manages the Hard Rock Mining Impact Act.

Community Technical Assistance Program - provides technical assistance to developers, local officials and others on capital improvement planning and budgeting, land use and zoning regulation, financing public works projects, researching special local policy issues, and distributes the County Land Planning funds.

Housing Assistance Program - receives, awards, administers, and monitors Federal HUD funds intended to: provide financial rent assistance to landlords in support of low income Montana families, provide financial assistance to housing developers to increase the number of decent, safe and sanitary living units available to low income Montana families. This program operates the Section 8 Certification Program, the Moderate Rehabilitation Program, the Rental Rehabilitation Program and the Voucher Program.

Community Development Block Grant Program - receives, awards, administers, and monitors Federal HUD funds intended to assist local governments with their greatest public facilities and housing needs by funding projects that principally benefit low to moderate income people in their communities. This program was modified in FY89 to move the operations and funding for CDBG program economic development to the Business Development Division.

## Goals

To improve the general provision of and affordability of public facilities in Montana communities.

To improve the numbers of, the condition of and the affordability of housing for low income Montana families.

To insure the mitigation of the public impacts resulting from coal and hard rock mining development.

## COAL BOARD

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Fiscal 1992 -----			----- Fiscal 1993 -----		
			Base	Incr/Decr	Recommended	Base	Incr/Decr	Recommended
Full Time Equivalent Employees	2.50	2.50	2.50	-.50	2.00	2.50	-.50	2.00
Personal Services	70,577.03	92,340	92,422	-11,084	81,338	92,579	-11,063	81,516
Operating Expenses	49,446.29	70,577	73,231	6,769	80,000	71,164	6,789	77,953
Equipment	1,578.82	0	0	0	0	0	0	0
Grants	1,214,992.73	2,783,214	2,783,214	0	2,783,214	2,783,214	0	2,783,214
Transfers	1,032,929.41	0	0	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$2,369,524.28</b>	<b>\$2,946,131</b>	<b>\$2,948,867</b>	<b>\$-4,315</b>	<b>\$2,944,552</b>	<b>\$2,946,957</b>	<b>\$-4,274</b>	<b>\$2,942,683</b>
State Special Revenue Fund	2,369,524.28	2,946,131	2,948,867	-4,315	2,944,552	2,946,957	-4,274	2,942,683
<b>Total Funding Costs</b>	<b>\$2,369,524.28</b>	<b>\$2,946,131</b>	<b>\$2,948,867</b>	<b>\$-4,315</b>	<b>\$2,944,552</b>	<b>\$2,946,957</b>	<b>\$-4,274</b>	<b>\$2,942,683</b>

## Goals

To insure that appropriate fiscal assistance is provided for the most needed local public facilities or services caused by major coal development.

To meet as required and to act as necessary to fulfill the Statutory intent of the Coal Board.

To provide quality technical assistance to all requests concerning coal impact mitigation.

## Authorization

Title 90-6-201 - 212, MCA. Coal Board Authority and Mission

## Base Program

The Montana Coal Board, appointed by the Governor, will under base funding, set policy, provide technical assistance and financial assistance in carrying out their statutorily assigned duties. They will meet quarterly, they will increase public awareness of their program and they will make recommendations concerning coal impact to the Governor as appropriate.

## Base Funding

The staff and Board of the program are totally funded from a statutorily defined percentage of the Coal Severance Tax. This is a state special revenue account that provides for any year end surplus funds to automatically revert to the Education Trust Fund.

Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Board Meetings	4	4	4	4
Project Consultation	20	20	20	20
Individual Inquiries	60	60	60	60
Applications	25	25	25	25
Grants	12	10	12	10

Increase or Decrease from Base

Current Level Adjustments

The Department transferred a .5 FTE to the Section 8 Housing Bureau in order to better utilize staff resources.  
 FY92 - (\$11,084) FY93 - (\$11,063)

Operating expenses have increased due to an adjustment in Division recharges and adjustments in department fixed costs.  
 FY92 - \$6,769 FY93 - \$6,789

# HARD ROCK BOARD

65016000.982

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	2.00	2.00	2.00	-.50	1.50	2.00	-.50	1.50
Personal Services	52,470.80	66,433	66,712	-11,896	54,816	66,571	-11,872	54,699
Operating Expenses	36,760.20	46,026	47,146	-874	46,272	47,067	-890	46,177
Equipment	1,578.82	0	0	0	0	0	0	0
Grants	0.00	0	1,000,000	-1,000,000	0	1,000,000	-1,000,000	0
Total Agency Costs	\$90,809.82	\$112,459	\$1,113,858	\$-1,012,770	\$101,088	\$1,113,638	\$-1,012,762	\$100,876
State Special Revenue Fund	90,809.82	112,459	1,113,858	-1,012,770	101,088	1,113,638	-1,012,762	100,876
Total Funding Costs	\$90,809.82	\$112,459	\$1,113,858	\$-1,012,770	\$101,088	\$1,113,638	\$-1,012,762	\$100,876

## Goals

To insure the cooperative agreement entered into between mine developers and the local governments is carried out as prescribed in the plans.

To meet as required and to act as necessary on issues brought to the Board involving existing impact plans.

To provide quality technical assistance to all requesting parties concerning the understanding of the Hard Rock Mining Impact Act.

## Base Program

The Hard Rock Mining Impact Board, appointed by the Governor will under base funding, set policy, mitigate disputes, provide technical assistance and carry out their statutorily assigned duties in an efficient and effective manner. They will meet as necessary, they will increase the public awareness of the Impact Act by producing a media presentation and they will continue to insure public participation in all actions.

## Authorization

Title 90-6-301 - 405, MCA. The Hard Rock Mining Impact Act

## Base Funding

The staff and Board of the Hard Rock Mining Impact Program are totally funded from a statutorily defined percentage of the metal mines license tax. This is a state special revenue account that provides for surplus year end funds to automatically distribute into the local trust accounts. Funds distributed into the local trust accounts are statutorily appropriated in 17-7-502, MCA.

## Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Board Meetings	5	4	4	4
Project Consult.-T.A.	25	25	25	25
Individual Consult.	65	65	65	65
Plan Modifications	4	4	4	4
Pub.Inform.Publication	1	2	2	2

## Increase or Decrease from Base

### Current Level Adjustments

Transferred a .5 FTE from the Hard Rock Mining Board to the Local Government Assistance Administrator Program. The department believes that a program specialist, within the Local Government Assistance Administrator program, can be utilized to serve all the different programs that are within the Local Government Services Division.

FY92 - (\$11,896) FY93 - (\$11,872)

Operating expenses show a net decrease due to adjustments in department fixed costs.

FY92 - (\$874) FY93 - (\$890)

90-6-331(1), MCA requires that any funds remaining in the Hard Rock Mining Impact Trust Account, at the end of each fiscal year, must be transferred to the county for which the funds have been held in deposit. Therefore the \$1,000,000 grant appropriation no longer has revenue to support it

FY92 - (\$1,000,000) FY93 - (\$1,000,000)

## Goals

## Base Program

To determine effective and necessary local research issues and to seek appropriate resources to secure answers.

Authorization

## Base Funding

This program is funded entirely by the state general fund. It works cooperatively, and often in tandem with all other programs of the division on project development as well as programs of other state agencies.



# Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Land Use Consultation	600	350	500	500
Pub.Works Consultat.	200	275	275	300
Workshops - Planning	4	4	4	4
Book Distribution	300	325	325	350
Payments - CLP Funds	224	224	224	224

## Increase or Decrease from Base

### Current Level Adjustments

Personal services has been increased to fund the incumbent within in the program at the proper step. The personal services "snapshot" for the budget did not reflect the proper step for an existing employee in the Community Technical Assistance Program.

FY92 - \$4,069 FY93 - \$4,059

Operating expenses show a net increase due to adjustments in department fixed costs.

FY92 - \$870 FY93 - \$865

## COUNTY LAND PLANNING

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00
Grants	0.00	0	183,168	0	183,168	0
Total Agency Costs	\$0.00	\$0	\$183,168	\$0	\$183,168	\$0
State Special Revenue Fund	0.00	0	183,168	0	183,168	0
Total Funding Costs	\$0.00	\$0	\$183,168	\$0	\$183,168	\$0

## Goals

The Department shall annually distribute the funds appropriated from the county land planning account.

## Authorization

Title 15-35-108, MCA Disposal of severance tax.  
Title 90-1-108, MCA County land planning assistance.

## Base Program

The Department annually distributes funds appropriated from the county land planning account. Each county shall be allotted \$3,000. After this disbursement has been made, 40% of the balance in the account shall be apportioned to the counties according to the ratio of each county's land area to the total land area of the state and 60% of the balance shall be apportioned to the counties according to each county's population to the total population of the state.

The program was part of the LGS - Systems Program in the last biennium.

## Base Funding

The county land planning account is entirely state special revenue derived from coal severance tax.

## HOUSING ASSISTANCE BUREAU

Full Time Equivalent Employees	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Base	Incr/Decr	Base	Incr/Decr
	7.00	7.00	7.00	1.00	7.00	8.00	7.00	1.00
Personal Services	201,934.09	197,620	201,797	23,021	224,818	224,611	201,641	22,970
Operating Expenses	121,460.73	108,424	119,670	61,208	180,878	171,167	109,908	61,259
Equipment	10,918.00	350	350	4,712	5,062	5,156	350	4,806
Grants	10,336,637.30	12,393,298	12,393,298	2,446,622	14,839,920	14,849,723	12,393,298	2,446,425
Total Agency Costs	\$10,690,950.12	\$12,699,692	\$12,715,115	\$2,535,563	\$15,250,678	\$15,250,657	\$12,705,197	\$2,545,460
Federal Special Revenue Fund	10,690,950.12	12,699,692	12,715,115	2,535,563	15,250,678	15,250,657	12,705,197	2,545,460
Total Funding Costs	\$10,690,950.12	\$12,699,692	\$12,715,115	\$2,535,563	\$15,250,678	\$15,250,657	\$12,705,197	\$2,545,460

## Goals

To insure the provision of decent, safe, sanitary and affordable housing to as many eligible low income Montana families as resources will allow.

To develop a state housing plan for the improved participation and operation of affordable housing in Montana.

To improve the awareness of housing stock adequacy and affordability importance in the community development vitality of Montana.

## Authorization

Title 90-1-106, MCA. State authority and responsibility for housing programs.

## Base Program

The Housing Assistance Program will under base funding, continue to provide financial assistance for rental housing to the most needy. It will continue to provide financial assistance and guarantees to rental housing developers to improve the housing stock available to needy Montanans. It will improve its utility of automated data management and thus prevent the need for expanded data management and improve its timeliness in processing client documentation.

## Base Funding

The Housing Assistance Staff is entirely federally funded.

## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Rental Support (units)	3025	3050	3050	3050
Waiting List	4500	4500	4500	4500
Damage Claims Process	200	200	200	200
New Applications / month	250	250	250	250
Housing Inspections	900	900	900	900

## Increase or Decrease from Base

### Current Level Adjustments

1 FTE that was funded one half by the Coal Board and one half by the Community Development Block Grant Program has been transferred to the Section 8 Housing Bureau. The employee in this position primarily works with the Housing Bureau's automated system.  
FY92 - \$23,021 FY93 - \$22,970

Contracted services reflects a \$25,000 increase to perform annual housing inspections. These inspections are required under federal law. Other operating expenditure increases are related to software updates on the Bureau's computer system (\$10,000 per year), indirect costs & maintenance on computer hardware.  
FY92 - \$42,322 FY93 - \$42,379

Equipment has been increased to purchase two computer terminals for mini computer, two microcomputers and some office equipment.  
FY92 - \$4,712 FY93 - \$4,806

Grants have been increased to equal the current federal allocation.

FY92 - \$1,465,118 FY93 - \$1,474,915

### Program Enhancements

The department has requested an increase of 200 rental units for the certificates and vouchers program from H.U.D. The 200 rental unit request has increased grants by \$981,504 and operating by \$18,886.  
FY92 - \$1,000,390 FY93 - \$1,000,390

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
	.00	4.50	4.50	- .50	4.50	- .50
Personal Services	111,974.25	142,656	140,005	-13,563	140,116	-13,537
Operating Expenses	76,566.36	90,681	97,446	5,659	93,652	5,628
Equipment	1,578.83	100	100	-100	100	-100
Grants	3,815,649.21	3,579,206	3,579,206	2,144,268	3,579,206	2,144,268
Total Agency Costs	\$4,005,768.65	\$3,812,643	\$3,816,757	\$2,136,264	\$3,813,074	\$2,136,259
General Fund	57,513.00	64,148	70,862	6,189	67,085	8,116
Federal Special Revenue Fund	3,948,255.65	3,748,495	3,745,895	2,130,075	3,745,989	2,128,143
Total Funding Costs	\$4,005,768.65	\$3,812,643	\$3,816,757	\$2,136,264	\$3,813,074	\$2,136,259
						\$5,949,333

## Goals

To insure that the most needed public facilities or housing rehabilitation projects in Montana communities are appropriately assisted within resource limits.

To insure that all eligible Montana communities receive the appropriate technical assistance to aid in their receiving CDBG financing.

To insure that compliance with regulatory mandates from HUD funding are efficiently and effectively meet.

## Base Program

The Community Development Block Grant Program will under base funding, continue to provide financial and technical assistance for the development or improvement of affordable public facilities in support of low to moderate income Montanans. It will also review and improve its operating plans so as to enhance the timeliness and effectiveness of the delivery of service to its cliental. In combination with supplemental programs, the CDBG Program will expand the public awareness and utility of its products.

## Base Funding

The Community Development Block Grant Program operates its state administration program on a required 50% state general fund/ 50% federal fund basis. All of the grant monies are federal.

## Authorization

Title 90-1-103(5), MCA. State authority for block grant operation

# Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Grants Reviewed	30	30	30	30
Grants Awarded	14	14	14	14
Projects Monitored	35	35	35	35
Projects in Progress	70	70	70	70
Workshops	12	12	12	12
Publications Distrib.	600	600	600	600

## Increase or Decrease from Base

### Current Level Adjustments

The Department transferred a .5 FTE to the Section 8 Housing Bureau to better utilize staff resources.  
FY92 - (\$13,563) FY93 - (\$13,537)

Operating expenses have increased due to adjustments in Division recharges and Department fixed costs.  
FY92 - \$5,659 FY93 - \$5,628

The Department requests an increase by \$2,144,268 in federal grant expenditures associated with the Community Development Block Grant Program. The amount of unexpended funds in each state's letter-of-credit in the state CDBG Program was examined by the U.S. Department of Housing and Urban Development (HUD). Many states, including Montana, had excessive amounts of unexpended funds. HUD has mandated that states implement timely CDBG projects. This has resulted in an increase in the timeliness of CDBG project grant expenditures. CDBG grants are funded 100% with federal funds.

FY92 - \$2,144,268 FY93 - \$2,144,268

The CDBG's general fund increases during the biennium to meet federal matching requirements for administrative costs. An offsetting decrease in general fund is realized in the Science and Technology Alliance program.  
FY92 - \$6,189 FY93 - \$8,116

## CENSUS &amp; ECONOMIC INFORMATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	7.33	6.83	7.83	.00	7.83	.00
Personal Services	155,734.88	192,666	233,561	-3,056	233,149	-3,042
Operating Expenses	43,085.31	84,170	64,138	80,753	63,057	68,583
Equipment	3,200.00	14,000	14,000	-48	14,000	0
Total Agency Costs	\$202,020.19	\$290,836	\$311,699	\$77,649	\$310,206	\$65,541
General Fund	202,020.19	290,836	311,699	77,649	310,206	65,541
Total Funding Costs	\$202,020.19	\$290,836	\$311,699	\$77,649	\$310,206	\$65,541

## Overview

The "information age"--that overworked yet accurate phrase--describes a world where information often is the most valuable commodity we can possess. The Office of Research & Information Services (ORIS) and the Census and Economic Information Center (CEIC) serve the economic development efforts of both the Department of Commerce and Montana's general economic community by providing a central and accessible information source.

The office is an information gateway for a variety of public and private individuals, agencies, and businesses seeking comprehensive economic and demographic information. In its special-collections library, the office maintains documents addressing the economy of the state (historical as well as current) including statistical reports from other Montana governmental agencies. The office monitors the Montana economy, conducts specific economic projects, distributes economic, demographic and business information, maintains and presents information on the department's economic development programs, and supports the department's research, informational, business development and promotional activities.

Through such activities the office seeks to provide a comprehensive economic information resource for public and private users for economic development planning and implementation.

The office's connections in the "greater statistical community" are with the U.S. Department of Commerce, especially the Bureau of the Census and the Bureau of Economic Analysis (BEA), with the CEIC being the primary data distributor within the state. Membership in the State Data Center program and the Business and Industry Data Center program, both operated by the U.S. Census Bureau, provides the CEIC with sources of federal data (print and non-print), and information and professional expertise central to economic development and policy concerns that otherwise would not be available in the state.

As the lead agency in the Montana State Data Center program, the CEIC receives, programs, reproduces and distributes the data and maps collected in the 1990 Census.



## Goals

Support the department in its research, policy development, business development, informational and promotional activities.

Provide timely, accurate and affordable service in the use and distribution of information to users.

Provide staff skilled in the use and interpretation of the data available.

Improve access to and expand use of U.S. Census Bureau, the Bureau of Economic Analysis and other information sources maintained in the office's special library.

Receive, program, reproduce and distribute data and maps collected in the 1990 Census.

## Authorization

Title 90-1-109, MCA

"State Census and Economic Information Center. The Department of Commerce shall, in cooperation with other state, federal, and local agencies, establish and maintain a central depository of information, including computer-retrievable files, concerning the significant characteristics of the state, its people, economy, land, and physical characteristics. The department shall analyze and disseminate such information to state, federal and local agencies and to the general public."

## Base Program

The office supports the department in its research, policy development, business development and promotional activities with its research, writing and editing. The office's routine publication responsibility includes the department's quarterly newsletter *Inside*, the department's biennial *Report to the Legislature*, and the 57-volume *Montana County Profiles*. Past staffing patterns permitted the biennial publication of *Economic Conditions in Montana*, last produced for 1988. The office also manages the

production of the *Montana Ambassadors' Annual Report*, and routinely updates its promotional brochure. The office also takes its annual turn in producing the national State Data Center Steering Committee's newsletter.

The office reviews and edits department news releases for the Director's Office prior to distribution to ensure continuity of policy and to maintain an information clearinghouse function within the department. In the past year the office answered a variety of trade magazine and survey requests such as those from the business site selection survey magazine, *Conway Data, Inc.*, the Grant Thornton General Manufacturing Climates study, the study done by Inc. magazine, and a world atlas project by **National Geographic**.

During the 51st Legislative Session (1989), the office provided bill status/tracking services for the department.

In order to provide timely, accurate and affordable service, the staff must be familiar with data, its uses and limitations, and all holdings must be organized as efficiently as possible. Cataloging holdings is an important and ongoing office function. An index of publications is available on the department's computer system for the first time. The first phase of a data file inventory project (catalogue of machine-readable data files) has been completed.

The office secures data for dissemination, prepares BEA and other data for distribution and use, informs users as to the strengths and limitations of a given data series to be used, and screens data series for users. The office provides library technical services and support, provides map maintenance and reproduction and storage, and provides online access to economic data through U.S. Department of Commerce electronic bulletin boards.

In addition, the office multiplies its effectiveness and statewide outreach by supporting an affiliate network as outlined within the state's Joint Statistical Agreement with the U.S. Census Bureau. This network's purpose is to make economic and demographic data readily available to business and government users and to the general public. The affiliates are libraries, local development organizations, chambers of commerce and trade organizations

located across the state. With general information available at multiple locations throughout the state, the office can ensure quick, efficient responses to routine information requests such as questions on the population of Montana, its counties, cities and towns. All affiliates receive reference materials, and within budget and time constraints the office also provides both formal and informal training in the use of Census Bureau and other agencies' products and services.

Throughout the past several years, the CEIC has answered an average of 3,400 data requests per year. These requests arrive via mail, telephone and in person, by such varied users as academics, business representatives, consultants, libraries, media representatives, all levels of government, and the general public. They include in and out-of-state and international requests.

Because the CEIC library follows the ethics and state laws guaranteeing confidentiality for library users, past explanations of the types of use and users were delivered in generic terms only. In order to provide the office, the Census Bureau and the Legislature with a more detailed understanding of users and end use of information requested, beginning in December 1989, a brief survey has been included with all mailed data request responses. The survey asks if the office may use the requestor's name, and if the data user will indicate the "end use" of the data requested (i.e., business start-up, city or town economic development project, feasibility of foreign trade opportunity, etc.). The survey has yielded a 43 percent return rate, with 85 percent granting permission to use names and/or end use of data.

Survey examples include an AT&T planner in Chicago analyzing areas in the state that might be suitable for a "Point of Presence" by the company, the Miles City hospital using demographic statistics in a grant application for a medical campus, Montana Power Company passing on information to a California company interested in Montana economic development, and a Columbus planner using information in a federal grant proposal through the U.S.D.A. for rural development. The remaining users and uses are as varied as the examples.

To improve data access, staff both attend and provide

training workshops in the use of the data. Participants generally include state and local government users, network affiliates, and educational institution users.

The office is the state's central depository of all Census data. As the lead agency for the State Data Center program, the CEIC must process the 1990 decennial census tapes when they become available, and provide appropriate support services necessary to distribute the data, which includes providing Census maps.

Census tapes require programming by a skilled mainframe programmer. The maps will be received on about 1,500 map sheets drawn on an electrostatic plotter, and must be reproduced and distributed to anyone requesting them.

The general fund was deemed an appropriate funding source to develop the 1980 Census data. The office received approval from the 1989 Legislature to hire a half-time computer programmer and a half-time clerk beginning January 1, 1991, to start the necessary computer programming and census information distribution.

### Base Funding

This program is funded entirely by the General Fund.

Under base funding it should be noted that the office experienced a 53 percent decrease in its operating budget from fiscal 1989 to fiscal 1990. Personal services were fully funded by the 1989 Legislature, but the office's operating budget was reduced significantly because of the loss of long-standing federal funds. Replacement of operating funds were not requested by the department during the 51st Legislative Session because of known vacancy savings. A legislative decision at the end of the session not to allow personal service transfers into operating, however, left the office with insufficient funds.

In addition to this situation, the office has also experienced unanticipated 1990 Census responsibilities and expenses. In response to the operating shortfall, the office made some one-time adjustments, such as allowing no training or travel, not purchasing reference books, not renewing subscriptions, and not reprinting County Profiles

even though the need and demand existed.

Concurrent to the operating budget deficit, the office experienced a 21 percent increase in its business users and an overall data user increase of 25 percent.

## Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Publications	65	7	65	65
News releases, speeches, magazine stories, surveys	67	67	67	67
SDC/BIDC				
Annual Meeting	1	1	1	1
Advisory Council	1	2	2	2
Training/data (days)				
Affiliates	3	2	2	2
Census (general public)		1	2	2
Local review	4	2	---	---
Data programming/processing in person months	N/A	6	9	12
1990 Census data	1	1	1	1
BEA (county)	1	1	0	0
Economic Census		2	5	2
County Profiles				
Cataloguing (titles)	500	500	500	500
Data File Inventory	200	100	100	100
Data Requests	3,400	3,400	3,400	3,400
Special data projects	25	25	25	25
Joint Statistical Agreement with U.S. Census Bureau				
Annual Report	1	1	1	1
Annual Work Plan	1	1	1	1

## **Increase or Decrease from Base**

### **Current Level Adjustments**

The department has eliminated one FTE and transferred funds into contracted services for a savings of approximately \$8,000. This position provided economic and demographic research and analysis for the Department, other state agencies and also served as an advisor to both public and private entities. The Department needs the ability to assist with and provide economic research when requested. The Department has incorporated this service under contracted services starting in FY 91.

FY92 Pers. Serv.	(\$33,119)	FY93 Pers. Serv.	(\$33,036)
Operating	25,000	Operating	25,000

### **Program Enhancements**

#### **90 Census**

The office is responsible for providing public access to census data. Only 20% of the data received from the U.S. Bureau of Census (BOC) is printed. The remainder of the census data is available on machine readable data files, both magnetic computer tapes and compact disk read only memory (CD-ROM). The office programs the data files to create reports to provide ready access. The office also provides access to the census maps, which for the 1990 census will be about 1,300 map sheets. The executive budget recommends 1.00 FTE and general fund of \$64,264 in FY 92 and \$53,264 in FY 93 to program the census data, provide specialized assistance in accessing the data, reproducing maps, and purchase computer equipment necessary to ensure access to the 1990 census data.

FY92 - \$64,264	FY93 - \$53,466
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#### **Loss of Federal Funding**

Due to the elimination of federal funding over the past two biennia that funded current level costs, the executive budget adds \$20,000 general fund each year of the 1993 biennium for continuation of services.

FY92 - \$20,000	FY93 - \$20,000
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## LGS - AUDIT

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Descr	Recommended	Base	Fiscal 1993 Incr/Descr	Recommended
	28.20	28.20	28.20	.55	28.75	28.20	.55	28.75
Personal Services	717,292.76	843,301	843,641	11,515	855,156	842,886	11,490	854,376
Operating Expenses	252,566.64	256,228	255,826	18,072	273,898	253,183	7,923	261,106
Equipment	9,539.34	16,828	16,828	0	16,828	16,828	0	16,828
Transfers	51,210.00	0	56,631	35,712	92,343	56,602	35,712	92,314
<b>Total Agency Costs</b>	<b>\$1,030,408.74</b>	<b>\$1,116,357</b>	<b>\$1,172,926</b>	<b>\$65,299</b>	<b>\$1,238,225</b>	<b>\$1,169,499</b>	<b>\$55,125</b>	<b>\$1,224,624</b>
General Fund	51,210.00	56,440	56,631	35,712	92,343	56,566	35,712	92,278
Proprietary Fund	979,198.74	1,059,917	1,116,295	29,587	1,145,882	1,112,933	19,413	1,132,346
<b>Total Funding Costs</b>	<b>\$1,030,408.74</b>	<b>\$1,116,357</b>	<b>\$1,172,926</b>	<b>\$65,299</b>	<b>\$1,238,225</b>	<b>\$1,169,499</b>	<b>\$55,125</b>	<b>\$1,224,624</b>

## Overview

The Local Government Audit Program provides for the financial and compliance post auditing of the financial statements of all statutorily required taxing jurisdictions in the State of Montana. This program both internally accomplishes these individual audits, as well as contracts with private CPA firms or individuals for the provision of said audits. The program also performs special audits in cases of suspected fraud or misappropriation of funds. As the single statewide audit agency, this program sets audit program standards, influences uniformity definitions, provides technical assistance to local, state and federal governments we well as private individuals and agents. The audit function is designed to protect the taxpayers' interests by verifying that the financial conditions and operations are responsibly accounted and reported for and that local officials are complying with all appropriate statutes and regulations.

## Goals

To insure strict accountability of all revenues received and money spent by counties, cities, towns, and all other

local governmental entities as prescribed by article VIII, Section 12, of the Montana Constitution.

To provide timely and expert evaluation, consultation and recommendations to the leadership of local governmental agencies concerning the fiscal and compliance condition of their entities.

To provide independent financial condition reporting to insure public confidence in the condition, accountability and integrity of the fiscal and compliance affairs of local entities.

## Authorization

Title 2, Chapter 7, Part 5, MCA. The statutory definitions of the purpose, timing, responsibility for, authority, contracting, and required local entities to be audited.

## Base Program

The audit program management provides for the supervision, communication, staff assignment, scheduling, reviewing, approving and issuing of all state staff completed audits. It provides the necessary and appropriate administrative support such as staff continuing education, audit standards coordination, technical decisions and technical assistance to the field staff to insure staff competence and product integrity.

The objectives of each sub-activity are as follows:

The audit management office provides policy and technical leadership to the supervisors and staff of the four regions throughout the state. Under base funding, the objective of the managers office is to manage the program's workload within the current funding level, to reduce the staff turnover by 5%, (this issue is significantly effected by lower than competitive salary rates and is not likely to be managerially resolved) & to improve the timeliness of audit issuance by 10%

The field audit supervisors section provides direct technical and workload supervision to the field staff and acts as auditor-in-charge as required. Under base funding, the objective of the supervisor level is to increase the staff utilization of automation for audit functions in each region by 25%, to increase quality control on field draft reports by 10%, and to work with the manager to reduce staff turnover by 5% (this issue is significantly effected by lower than competitive salary rates and is optimistic).

The field audit staff provides on-site accounting, reporting and compliance reviews of financial statements prepared by entities being audited. They provide the entrance meeting, the recording, analysis, draft documentation of the financial and compliance condition and corrective recommendations to the entity and the exit conference. Under base funding, the objective of the field audit staff is to increase their utilization of automated analysis and reporting by 25%, to systematically improve their time management by 10% and to increase their professional independent training time by 2%.

## Base Funding

The management, area supervisory and field staff are all funded by direct time assessment to the proprietary/enterprise fund for the audited entity where field work, review and report issuance functions are performed. The management also bills the general fund on a direct time assessment for activities such as scheduling and technical assistance that are not billable to the specific performance of an audit. State general fund amount is limited to appropriation amount which in the budget represents less than 5% of the total budget. Actual (documentable) unbillable time represents more than 10% of the total budget which indicates that local entities are subsidizing general fund activities by at least 5% of the total budget.



## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Audit Engagements	127	120	125	125
Special Audits	8	10	10	10
Continue Education hr.	960	960	960	960
Peer Review hrs.	160	480	160	0
Technical Assist. hrs.	2000	2000	2000	2000
Field Computers -work	4	5	8	10
Staff Turnover	25%	25%	20%	20%

## Increase or Decrease from Base

### Current Level Adjustments

Personal services reflects an increase of a .55 FTE. This is a result of shifting positions between Local Government Systems and Local Government Audit to more efficiently utilize staff resources where workload dictates.  
FY92 - \$11,515 FY93 - \$11,490

Operating expenses show a net increase due to adjustments in Department fixed costs.

FY92 - \$8,072 FY93 - \$7,923

\$35,712 of general fund has been transferred from Local Government-Systems to Local Government-Audit. The general fund transfer provides a funding (state supported) level that equals required, critical, and unbillable activities of the audit program. The unbillable activities continue to grow. As they do, a negative effect on the audit program's timeliness is produced. Timeliness of audits also has become a more important management tool over time because of the erosion of local governments fiscal capacity. This general fund transfer directly coincides with the demands of the market place (local governments) while not overlapping into the existing local financial responsibility for paying for audits done by the state.

FY92 - \$35,712 FY93 - \$35,712

### Program Enhancements

#### Peer Review

Proprietary funding has been increased by \$10,000 to fund a peer review. Under generally accepted auditing standard required by the Comptroller General, all organizations conducting government audits are required to have an external quality control review, at least once every three years. These reviews are to be conducted by an organization not affiliated with the organization being reviewed. This requirement was effective for audits starting January 1, 1989. Therefore, the Local Government Services Bureau is required to have such a peer review within three years, or by January 1, 1992.

FY92 - \$10,000 FY93 - \$0



## LGS - SYSTEMS

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Descr	Base	Incr/Descr
Personal Services	127,719.25	181,356	4.30	-1.55	4.30	-1.55
Operating Expenses	101,719.58	139,952	154,369	-12,491	154,012	-12,465
Equipment	0.00	424	140,307	2,104	137,815	2,059
Grants	2,736,505.99	2,923,949	424	0	424	0
Transfers	89,340.00	0	2,740,781	-6,255	2,740,781	-6,255
			89,482	-35,712	89,347	-35,712
<b>Total Agency Costs</b>	<b>\$3,054,284.82</b>	<b>\$3,245,681</b>	<b>\$3,125,363</b>	<b>\$-52,354</b>	<b>\$3,122,379</b>	<b>\$-52,373</b>
General Fund	2,686,408.93	2,916,638	2,889,653	-7,462	2,887,446	-7,203
State Special Revenue Fund	203,269.99	183,168	0	0	0	0
Proprietary Fund	164,605.90	145,875	235,710	-44,892	234,933	-45,170
<b>Total Funding Costs</b>	<b>\$3,054,284.82</b>	<b>\$3,245,681</b>	<b>\$3,125,363</b>	<b>\$-52,354</b>	<b>\$3,122,379</b>	<b>\$-52,373</b>

## Overview

of appropriate local financial management personnel.

The Local Government Accounting and Management Systems Program exists to develop, implement, and maintain the uniform budgetary, accounting and reporting systems for Montana cities, counties, towns, school districts, and other single purpose taxing jurisdictions. The staff provide regular and special technical assistance on accounting and reporting standards to local financial personnel, coordinate technical and procedural advice and assistance between State agencies and local governments, and are the central state repository for annual budget documents and annual financial reports from counties, cities and towns. The program also administers the District Court Reimbursement program.

## Goals

To insure uniform and accredited accounting and reporting system utilization by all local taxing jurisdictions

To provide timely and expert consultation to local officials concerning the training and performance integrity

To develop, implement and operate a financial assistance program for state assumption of certain district court costs.

## Authorization

Title 7-1-414(4), MCA  
Supervisory role of the Department of Commerce,  
Coordination of revenue collection, annual financial statements and budgeting structure.  
Title 7-6-210, MCA  
Annual financial statement  
Title 7-6-2141, MCA  
County budget law -role of DOC  
Title 7-6-2203, MCA  
Title 7-6-2302, MCA

## Base Program

The Accounting and Systems Management Program provides the technical/practical bridge between state definition of local government fiscal standards and the implementation and institutional integrity of the operation of these local accounting and reporting entities. The research, scheduling, training and consultation activities of the staff are based on the combination definitions of the needs of the State's local governments and the changing standards/requirements as defined by the state and federal government. The operation of the District Court Reimbursement Program is defined by statute. This program operates as an equalizing/insurance fiscal function that protects the financial capacity of all counties to equally deal with on going and extraordinary criminal costs.

The objectives of each of the sub-function activity are as follows:

The Systems staff, as a small unit, will provide leadership to the local entity accounting staff by producing annually such standards documents as: the Chart of Accounts; the Annual Budget Report format; the Annual Financial Report format; the BARS accounting codes. Under base funding, the objective of the staff is to manage these program objectives within current funding levels. It is not anticipated that with present revenues, at both the state and local level, that any increases in outputs of this function will be projected.

The Systems staff will provide training to the local entities accounting staff by producing instructional workshops across Montana. Such training workshops shall include such subjects as: legislative changes, national or state accounting and reporting standards changes, new automation uses and changes, and other advancements in the accounting and reporting systems. Under base funding, the objective of the staff is to operate these program objectives within current funding levels. It is also projected that with present local and state revenues, no increases in outputs of this program will be projected.

The Systems staff will provide for the management and operation of the District Court Reimbursement Program for all counties in Montana. Such management shall include monthly reconciliation and payments to counties for their criminal court costs, the provision of assistance to counties where a new understanding of the program is required, the reporting to and consultation with the district court judges about the operation of the program. Under base funding and with the objectives of this program being prescribed by statute, this program will continue to effectively operate within current funding levels.

## Base Funding

The staff of the Systems program are funded by a combination of proprietary and general funds. Where local entities subscribe to on-site regular technical assistance, they are charged under a contract for such assistance. Where training workshops are held, the attendees are charged an attendance fee. Where the Systems staff are either producing reporting reference books or are assisting a local entity where no local resources are available, the general fund appropriation is billed. These activities constitute a 65% billable proprietary work schedule and a 35% general fund support.

The District Court Reimbursement Program is funded 100% from the general fund. Revenues that support this program are derived from 2% of 7% of the Motor Vehicle Fee. Those revenues are deposited in the general fund.

The County Land Planning Program has been transferred to the Community Development Bureau for the 93 biennium. This program is funded with state special revenue.

## Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Contracted Tech. Assist	68	69	70	70
Training Workshops	12	12	12	12
Other T.A. hours	1350	1350	1350	1350
Dist.Ct. Transactions	492	500	500	500

## Increase or Decrease from Base

### Current Level Adjustments

Personal services reflects a decrease of a .55 FTE. This is a result of shifting positions between Local Government Systems and Local Government Audit to more efficiently utilize staff resources where workload dictates.  
 FY92 - (\$12,491) FY93 - (\$12,465)

Operating expenses show a net increase due to adjustments in Department fixed costs.  
 FY92 - \$2,104 FY93 - \$2,059

Grants have been reduced to fund operating expenses at actual costs for the District Court Program.  
 FY92 - (6,255) FY93 - (\$6,255)

The general fund transfer of \$35,712 to Local Government - Audit responds to a critical and timely need identified in the provision of audits to local government entities through out Montana. This transfer coincides with a consumer (local entities) change in the demand (resulting from the affordability) of "systems" services to local governments. Because of very constrained local fiscal capacity, the ability of these governments to participate in the cost of their accounting systems maintenance (The Montana Bars System) has been reduced over the past four plus years. There exists only two management alternatives to the state's response to this condition: 1. Dramatically increase state support ( General Funds) to this function or; 2. Take the state's system of support down to the bare minimum required to insure a uniform accounting system for local entities. This proposed program modification responds

to the general funds fiscal capacity of the state and still protects the minimums required by statute.

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	2.00	2.00	2.00	.50	2.00	.50	2.50
Personal Services	90,882.39	93,742	94,199	12,261	94,576	12,235	106,811
Operating Expenses	10,439.74	10,323	11,715	1,899	11,403	1,925	13,328
Total Agency Costs	<u>\$101,322.13</u>	<u>\$104,065</u>	<u>\$105,914</u>	<u>\$14,160</u>	<u>\$105,979</u>	<u>\$14,160</u>	<u>\$120,139</u>
Proprietary Fund	101,322.13	104,065	105,914	14,160	105,979	14,160	120,139
Total Funding Costs	<u>\$101,322.13</u>	<u>\$104,065</u>	<u>\$105,914</u>	<u>\$14,160</u>	<u>\$105,979</u>	<u>\$14,160</u>	<u>\$120,139</u>

## Overview

The Local Government Assistance Division - Administration program exists to provide the individual and collective leadership and professional legal services to the several programs of this division. These management responsibilities are established to cause the effective integration and coordination within these several programs and with other programs, people and services at the local, state and federal levels of government. The Division operates 12 direct service and financial assistance programs with 55.5 FTE's, an operating service budget of \$2 million and disbursements of nearly \$25 million annually. This administration supervises the operations of the Community and Housing Assistance Bureau (which includes the Coal Board and the Hard Rock Impact Board) and the Local Government Services Bureau (which includes the Audit, the Systems and the District Court Reimbursement Programs).

To insure the maximized and efficient utilization of resources within the Division.

To insure the integration of this division's objectives into the goals of the Department.

## Authorization

This program operates under the several authorities of the twelve programs that operate within the Division.

## Base Program

The Division administration program provides for the leadership, legal assistance and coordination of the 12 operating programs within this division. It provides for the priority setting, the information and staff integration, the policy and legal definitions and the representation of these functions to the Executive, the Legislature and to the public.

The objectives of the sub-activities are as follows:

Housing and Community Assistance Bureau:

Community Development Block Grant Program - federally funded program to provide financial assistance to local

governments for their most critical community need with principle benefit to low to moderate income families.

Section 8 Certificates Program - federally funded program to provide rent support to families paying more than 30% of their income for housing and those most in need.

Moderate Housing Rehabilitation Program - federally funded program to provide incentives (guaranteed long term rent supports) for developers to rehabilitate and put into service, previously unfit living units.

Rental Housing Rehabilitation Program - federally funded program to provide financial assistance for owners to bring deteriorated living units up to decent safe and sanitary conditions.

Vouchers Program - federally funded program to provide financial rent assistance to low income families.

Community Technical Assistance Program - a program to provide assistance to developers, local officials and others with the technical understandings of land use planning, zoning, public works planning and financing, and to distribute County Land Planning funds.

Montana Coal Board - a program to assist local governments which have been required to expand the provision of public services as a consequence of large scale development of coal mines and coal using energy complexes.

Montana Hard Rock Mining Impact Board - a program to provide technical assistance, analysis and mediation services to local governments and hard rock mining companies where adverse local fiscal impacts from large scale development are identified and require mitigation.

#### **Local Government Services Bureau:**

Local Government Audit Program - a program to provide for the post auditing of the financial statements of counties, cities, towns, school districts, and other required taxing jurisdictions.

Local Government Accounting and Management Systems Program - a program to establish and maintain a uniform budgeting, accounting and reporting system for all local governments in Montana.

District Court Reimbursement Program - a program to assist counties with their fiscal requirements for the criminal court costs.

#### **Base Funding**

The LGAD - Administration staff are funded, through a proprietary account, by a recharge to each of the operational programs. This recharge is based on an approved cost allocation system and is based principally on time utilization.

# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Special Project Supt.	6	6	6	6
Legal Consult. - in	150	150	150	150
Legal Consult. - Out	320	320	320	320
Staff Training	5	5	8	8
Referrals	75	75	75	75

## Increase or Decrease from Base

### Current Level Adjustments

The Department transferred a .5 FTE from the Hard Rock Mining Board to Local Government Assistance Administration Program. A program specialist, within the Local Government Assistance Administrator program, can be utilized to serve all the different programs that are within the Local Government Services Division.

FY92 - \$12,261 FY93 - \$12,235

The increase in operating expenses is primarily due to indirect costs associated with the .5 FTE transfer.

FY92 - \$1,899 FY93 - \$1,925



## BUILDING CODES BUREAU

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	30.00	30.00	30.00	.00	30.00	30.00	.00	30.00
Personal Services	818,686.35	915,353	889,311	1,979	891,290	888,819	1,971	890,790
Operating Expenses	335,798.01	374,081	380,089	17,638	397,727	379,548	15,338	394,886
Equipment	8,224.63	930	930	191,424	192,354	930	0	930
Total Agency Costs	<b>\$1,162,708.99</b>	<b>\$1,290,364</b>	<b>\$1,270,330</b>	<b>\$211,041</b>	<b>\$1,481,371</b>	<b>\$1,269,297</b>	<b>\$17,309</b>	<b>\$1,286,606</b>
General Fund	34,197.44	34,724	31,266	-88	31,178	31,101	-93	31,008
State Special Revenue Fund	1,128,511.55	1,255,640	1,239,064	211,129	1,450,193	1,238,196	17,402	1,255,598
Total Funding Costs	<b>\$1,162,708.99</b>	<b>\$1,290,364</b>	<b>\$1,270,330</b>	<b>\$211,041</b>	<b>\$1,481,371</b>	<b>\$1,269,297</b>	<b>\$17,309</b>	<b>\$1,286,606</b>

## Overview

The Building Codes Bureau establishes and enforces minimum building, plumbing, mechanical, electrical, energy and elevator codes. This enforcement safeguards the public, employees, and property in the design and construction of buildings built in Montana and recreational vehicles and factory-built buildings manufactured or offered for sale in Montana. Where possible, the Bureau approves and certifies local government code enforcement programs to utilize codes adopted by the Bureau. At present, 54 local government programs have been approved to enforce codes within their jurisdictions. The Bureau also has Plumber, Electrician, and Public Contractor licensing responsibilities. Administrative support, including enforcement duties, are provided for the Board of Plumbers and State Electrical Board, both of which are administratively attached to the Bureau. The Bureau also establishes and enforces the Public Contractor's Licensing program requirements.

## Goals

To protect the health and safety of the public, employees, and property in the State by adoption of appropriate minimum codes. To enforce those codes and building code statutes to effect construction of safe buildings and building components and recreational vehicles.

To protect the health and safety of the public, employees, and property in the State by enforcement of the Plumbers and Electricians licensing laws. To insure that such plumbing and electrical work is accomplished by competent, properly licensed trades persons.

To protect the health and safety of the public, employees and property in the State by enforcement of the Public Contractor's Licensing laws and rules.

To provide prompt, courteous and efficient service to building owners, design professionals, contractors and trade persons in review and approval of plans; issuance of building, plumbing, mechanical and electrical permits; issuance of factory-built building and recreational vehicle insignias; issuance of passenger elevator certificates and issuance of plumber, electrician and public contractor licenses.

To provide prompt, courteous and efficient field inspections to determine compliance with codes and permits and for investigation of complaints.

To provide efficient and thorough field verification of compliance with plumbers and electricians licensing laws and rules.



## Authorization

Title 50, Chapter 60, MCA

Statutes that create the statewide building code and assign responsibility for administration to the Department of Commerce.

Title 37, Chapter 68, MCA

Statutes that create the State Electrical Board and establish requirements for licensing of electricians.

Title 37, Chapter 69, MCA

Statutes that create the Board of Plumbers and establish requirements for licensing of plumbers.

Title 37, Chapter 71, MCA

Statutes that establish the requirements for licensing of public contractors.

## Base Program

The Bureau's assigned duties and responsibilities are comprehensive and several sections, work groups and support staff have been created to efficiently handle the Bureau's work load.

The bureau chief, staff attorney, licensing/certification specialist and clerical staff provide administrative, clerical and other support services for the entire Bureau, including the State Electrical Board, Board of Plumbers, Building Codes Advisory Council and all of the Bureau's major sections and programs. The clerical staff consists of two secretaries, two administrative clerks and one word processing operator. The clerical staff handle the application processing, permit typing, record keeping, filing, deposit of fees, general correspondence typing and other general administrative tasks associated with annual issuance of 12,000-15,000 electrical, 200-400 mechanical, 800-1,200 plumbing, and 400-700 building permits; annual issuance of approximately 100 new plumbers licenses and approximately 200 new electricians and electrical contractors licenses; and annual renewal of approximately

700 plumbers licenses and 2,750 electrician licenses. The licensing/certification specialist provides administrative services to the State Electrical Board and the Board of Plumbers, including processing of applications, preparation of minutes of meetings, typing, etc. The licensing/certification specialist also provides supervision of the Bureau clerical staff.

The electrical safety section consists of a section supervisor and twelve area electrical inspectors. Areas vary in size from portions of two counties in a more densely populated area, to as large as eight counties in sparsely populated eastern Montana. The average area size is three to five counties per inspector. Electrical inspectors are now stationed in Bigfork, Kalispell, Missoula, Hamilton, Dillon, Helena, Choteau, Bozeman, Laurel, Miles City, Fairview and Glasgow. The electrical safety section is responsible for inspection of electrical installations statewide and ensuring that electrical installations comply with the national electrical code, as amended. The section also handles field license checks for compliance with the electricians licensing law.

The plumbing/mechanical safety section consists of a section supervisor, who is also responsible for inspections in a multi-county area, and two other area plumbing/mechanical inspectors. The section supervisor's area includes portions of 15 counties. The eastern area includes approximately 25 counties and the western area includes approximately 12 full counties and portions of several counties. Plumbing/mechanical inspectors are now stationed in Helena, Belgrade and Billings. The plumbing/mechanical safety section is responsible for inspection of plumbing and mechanical installations statewide to ensure compliance with the uniform plumbing code, as amended and the uniform mechanical code. The section also completes plumbing and mechanical plan reviews and handles field license checks for compliance with the plumbers licensing law.

The building standards section consists of two plan reviewers and two area building inspectors. The plan reviewers review and approve building (including factory-built) plans for compliance with the uniform building code and companion codes and issue state building permits. In addition, the plan reviewers review and approve

recreational vehicle plans for compliance with the recreational vehicle code plus review and approve passenger elevator plans for compliance with the elevator and escalator safety code. Each of the two inspectors serve essentially one half of the state and they check construction in progress for compliance with approved plans as well as compliance with the uniform building code and companion codes. Building inspectors are now stationed in Helena and Shawmut.

The passenger elevator program consists of one elevator inspector that is directly supervised by the Bureau Chief. The elevator inspector covers the entire state and inspects each passenger elevator, lift, and escalator in the state once annually for compliance with current elevator and escalator safety codes. The elevator inspector is stationed in Helena.

The public contractors licensing program consists of one program officer that is directly supervised by the Bureau Chief. The program officer handles all new and renewal license application processing, license issuance and associated clerical and administrative duties. Approximately 500 new public contractor licenses are issued each year in addition to the annual renewal of approximately 1,300 licenses.

### **Base Funding**

All Building Codes Bureau programs, with the exception of public contractors licensing, are funded exclusively by State Special Revenue supported by permit, plan review, inspection and license fees. The public contractors licensing program is funded through the general fund. License fees are deposited in the general fund.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Building Permits Issued	600	450	600	600
Average Plan Review Time	3 wks	3 wks	2 wks	2 wks
Building Inspect. Completed	1,400	1,400	1,400	1,400
Plumbing Permits Issued	1,000	1,000	1,000	1,000
Plumbing Inspect. Completed	2,500	1,500	2,500	2,500
Mechanical Permits Issued	300	250	300	300
Mechanical Inspect. Completed	700	700	700	700
Electrical Permits Issued	10,000	12,000	12,000	12,000
Electrical Inspect Completed	20,000	24,000	24,000	24,000
Elevator Inspect. Completed	950	1,000	960	960
Elect. Licenses Issued (New)	130	200	200	200
Elect. Licenses Issued (Renew)	2,750	---	2,800	2,800
Plumb. Licenses Issued (New)	50	100	100	100
Plumb. Licenses Issued (Renew)	750	---	800	800
Pub. Cont. License Issued (New)	500	500	500	500
Pub. Cont. Lic. Issued (Renew)	1,300	---	1,500	1,500

The above figures for FY 90 are estimated. The figures do fluctuate with the economy of the State. FY 90 shows improvement over FY 89 and FY 92/93 are projected to maintain this improvement.

## Increase or Decrease from Base

### Current Level Adjustments

Personal services increased due to an adjustment in employee benefits.

FY92 - \$1,979 FY93 - \$1,971

Operating expenses show a net increase due to adjustments to Division recharges, computer maintenance & Department indirect costs.

FY92 - \$17,638 FY93 - \$15,338

### Program Enhancements

#### Vehicle Replacement

The division is requesting replacement of vehicles for their inspectors. Most vehicles replaced will have over 100,000 miles. Because of excessive mileage, vehicles are replaced on a 3 year cycle. The current vehicles were

purchased in FY 89. 12 extended cab pickups, 4 mid-sized sedans and 1 4 X 4 vehicle will be replaced.  
FY92 - \$191,424 FY93 - 0

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	2.00	2.00	2.00	.00	2.00	2.00	.00	2.00
Personal Services	63,233.36	64,027	68,978	160	69,138	68,896	159	69,055
Operating Expenses	27,343.48	31,544	33,259	54,045	87,304	33,130	54,034	87,154
Total Agency Costs	<b>\$90,576.84</b>	<b>\$95,571</b>	<b>\$102,237</b>	<b>\$54,205</b>	<b>\$156,442</b>	<b>\$102,026</b>	<b>\$54,193</b>	<b>\$156,219</b>
General Fund	90,576.84	95,571	102,237	1,205	103,442	102,026	1,193	103,219
Federal Special Revenue Fund	0.00	0	0	53,000	53,000	0	53,000	53,000
Total Funding Costs	<b>\$90,576.84</b>	<b>\$95,571</b>	<b>\$102,237</b>	<b>\$54,205</b>	<b>\$156,442</b>	<b>\$102,026</b>	<b>\$54,193</b>	<b>\$156,219</b>

## Overview

Over five percent of the citizens of the state of Montana are members of the Indian race. In the course of the past 90 years, these Indian citizens have been driven from their native lands and presently reside on reservations in isolated regions of the state. Due to isolation and failed government programs, grave economic and social problems have arisen. Efforts by Indians and other persons working to seek solutions to these problems have been hampered due to no coordination and united effort on the part of these persons. As a result of this situation, the Montana state legislature has set policy to serve the best interest of Montana's Indian population. The legislature's policy is to design a program to foster a plan which would establish and place Indian citizens in a position to take their rightful place in our society. Therefore, the legislature established an office of Coordinator of Indian Affairs to address the problems of the Indians of Montana at the state level and in cooperation with the United States of America. This includes Indians living on and off reservations.

## Goals

To have a thorough knowledge of problems facing both Indians and the state with regard to Indian concerns.

To advise the legislative branch of the state of Montana on Indian matters.

To advise the executive branch of the state of Montana on Indian matters and make recommendations for resolutions of problems.

To serve the Montana delegation in the federal congress on Indian Affairs.

To act as a spokesperson for Indian organizations and groups, both public and private.

To promote agreements.	and establish	state/tribal cooperative
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To provide technical assistance to Montana's tribes and state agencies relating to the development of coal, water negotiation, gambling negotiation, jurisdictional issues, etc.

To assist Montana's Indian populace in employment and economic development.

To promote good relations between Indian and non-Indian groups, organizations and governments.

### **Authorization**

Title 2-15-1813, MCA The Coordinator of Indian Affairs is appointed by the Governor and is allocated to the Department of Commerce for administrative purposes only.

Title 90-11-101 & 102, MCA To carry out legislative policy in establishing a program designed to establish and place Indian citizens in position to take their rightful place in our society.

### **Base Program**

The Coordinator of Indian Affairs Office has two full time employees, the Coordinator and an administrative assistant.

The Coordinator and his staff must keep abreast of laws/statutes and other legal issues affecting Montana's Indians. This includes reading and researching numerous publications such as legal publications, newspapers, contacting legal services agencies, the state Attorney General, tribal attorneys, various state agencies, the Legislative Council staff, county attorneys, state, federal and tribal representatives.

The Coordinator and his staff must attend and participate in meetings with, but not exclusive to, the following entities: federal agencies, Bureau of Indian Affairs, Indian Health Service, Montana's federal delegation, tribal council meeting, branches of tribal government (judicial, social service, resource management, etc.), individual Indian populace, state agencies, urban Indian alliances, and various out-of-state concerns such as the National Congress of American Indians, Governor's Indian Interstate Council and the Western Governor's Association. The Coordinator also participates in legislative committee meetings and public hearings on Indian issues.

For the purpose of problem resolution and communication, the Coordinator's office coordinates meetings between tribal governments/agencies and state agencies of government, federal agencies, local agencies, urban Indian

alliances, and individual Indians and citizens.

The Coordinator assists in drafting legislation that will affect tribes and state governments, provides testimony at public hearings, provides written documentation to Montana's legislature informing them of various Indian issues and attends meetings with members of the Governor's Office and legislature for the purpose of advising/informing them of various Indian-related issues.

When travel budget permits, the Coordinator will accompany tribal delegates to Washington, D.C. as the Governor's state representative on Indian Affairs and communicate in person, orally and in writing with the U.S. Congress as Montana's representative on Indian affairs.

The Coordinator serves as a spokesperson for the following Indian organizations and groups: Montana's eight tribes, Blackfeet, Fort Peck, Fort Belknap, Rocky Boy, Flathead, Northern Cheyenne, Crow and Little Shell, Montana's urban Indian alliances, individual Indians, and state, federal and local agencies as needed.

The Coordinator creates an environment where cooperative agreements could be established.

The Coordinator works with state agencies and tribes in areas of coal impact, water negotiation, gaming negotiation, energy assistance programs, health issues, Indian child welfare, crime control, institutions issues, etc.

The Coordinator works with tribes on employment and economic development issues.

The Coordinator's office promotes good relations between Indians and non-Indians, continuing to educate both groups in areas of governmental rules and regulations, and cultural and social issues.

### **Base Funding**

The Coordinator of Indian Affairs Office is funded entirely by the General Fund.

## Performance Indicators

General performance indicators for the Office of Indian Affairs can be measured by accomplishing specific tasks, such as providing monthly editorials for the purpose of communication and information, numbers of cooperative agreements negotiated, job referrals, number of meetings attended, conferences arranged, testimony given, legislation produced and passed, requests for assistance by tribes/Indians, and state, federal and local agencies.

Due to the nature of this office and the intent and purpose of Montana's legislature in establishing the Coordinator of Indian Affairs Office, resolution of conflicts and ombudsmanship are objectives whose priorities are set by tribal governments/groups and the state of Montana's executive and legislative branches of government.

## Increase or Decrease from Base

### Current Level Adjustments

Personal services increased due to an adjustment in employee benefits.

FY92 - \$160 FY93 - \$159

Operating expenses show a net increase due to adjustments in department fixed costs.

FY92 - \$1,045 FY93 - \$1,034

### Program Enhancements

#### Federal Highway Contract

The Coordinator is currently under contract with the State Department of Highways. The contract requires the Coordinator to identify opportunities for Native American construction firms to work on highway construction projects in Montana. The contract also requires the Coordinator to establish an outreach program to identify legitimate Native American highway related construction firms and to provide seminars to disseminate information. The Department

received budget amendment approval for the original contract in August of 1989. The contract will continue into the 93 Biennium. The contract is federally funded.

FY92 - \$53,000 FY93 - \$53,000



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## HEALTH FACILITY AUTHORITY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	1.21	1.00	1.00	.00	1.00	.00
Personal Services	51,017.84	49,146	48,906	108	48,798	108
Operating Expenses	62,436.14	61,388	64,631	10,557	58,599	10,544
Total Agency Costs	\$113,453.98	\$110,534	\$113,537	\$10,665	\$107,397	\$10,652
Proprietary Fund	113,453.98	110,534	113,537	10,665	107,397	10,652
Total Funding Costs	\$113,453.98	\$110,534	\$113,537	\$10,665	\$107,397	\$10,652

## Overview

The Montana Health Facility Authority (the Authority) was established by the Montana Legislature in 1983 as a means for eligible health care institutions to access the municipal finance market. An eligible institution is broadly defined as any non-profit or public hospital, clinic, nursing home or other health care facility as identified in specific statutes, including structures which are related, required or useful for the operation of a health facility.

The issuance of tax-exempt bonds to finance health care facility projects has provided interest rates significantly below those which would be available at taxable rates. The cost savings contribute to the health care cost containment objectives of the health facility who can pass the savings on to the consumer.

Two types of programs are operated by the Authority: one to provide financing for individual facilities, and the other to satisfy the capital needs of a pool of facilities.

## Goals

Administer a pool of bond proceeds (\$28,000,000) which will

provide funds for future loans to eligible health care facilities.

Issue new bonds to finance new projects for health care facilities which will respond to the changes in governmental laws or rules, capital reimbursement regulations and consumer needs.

Provide financial, legal and administrative assistance to health care facilities in achievement of their capital plans.

## Authorization

Title 90, Chapter 7, MCA "Health Facility Development"

## Base Program

The Authority administers three separate service programs for health care facilities.

**POOLED LOAN PROGRAMS:** The bonds for the pooled loan program were issued in 1985. Since then, 41 separate loans (\$37,096,140) have been funded by the bond proceeds. The variable interest rate has consistently been below 8 percent, annually. The estimated interest rate savings for FY 90 are \$1,200,000. The bond issue was structured to



provide for recycling the borrower loan principal repayments until 2015.

**STAND ALONE PROGRAMS:** The Authority issues separate bonds for single health care facilities to refinance outstanding capital debt, or finance construction, renovation, acquisition, or equipment. Since 1986 three issues have been sold to refund outstanding capital debt which decreased the health facility's prior interest rate, and two issues have provided low interest funds for construction projects.

**NEW PROGRAMS:** Since 1988 the Authority has sold two issues to provide capital funds to 20 community providers who provide services to persons with developmental and mental disabilities. This is the first time any of the providers had accessed tax-exempt financing. The bond proceeds were used to refinance outstanding mortgages on homes, construct new homes, day treatment centers, clinics, and purchase equipment.

### **Base Funding**

The Authority is funded through a proprietary account. The funds to operate the programs are generated by application fees and annual planning service fees. These fees are generated in connection with the issuance of bonds and subsequent loan transactions.

# Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
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## 1985 Pooled Loans

### Maintenance levels:

Loan volume level	24M	24M	24M	24M
Number of loans	39	42	42	42
Program inquiries	21	22	22	22
Applications	5	5	5	5
Loan closed	3	3	3	3

### Stand Alone Issues

Volume	14M	4M	5M	5M
Inquiries	6	6	6	6
Applications	2	2	2	2
Issues	2	2	2	2

## **Increase or Decrease from Base**

### Current Level Adjustments

Personal services increased due to an adjustment in employee benefits.

FY92 - \$108 FY93 - \$108

In FY90 the Authority co-located its offices with the Board of Investments (BOI) and contracted with the BOI for clerical, accounting, and program support services. In doing so, the Authority was able to eliminate two FTE. Because of recent increased workload in the BOI and Authority bonding programs, a bond program specialist position has been established in the BOI to provide the technical program support for both areas. The authority's contracted services has been increased to pay for approximately one half of the new position.

FY92 - \$10,557 FY93 - \$10,544

## SCIENCE &amp; TECHNOLOGY ALLIANCE

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
	6.00	6.00	6.00	.00	6.00	6.00	.00	6.00
Personal Services	147,477.83	196,364	202,219	4,435	206,654	201,773	4,433	206,206
Operating Expenses	132,669.54	174,000	187,974	49,926	237,900	188,271	59,800	248,071
Equipment	5,805.45	0	0	0	0	0	0	0
Grants	115,000.00	2,112,580	127,580	-62,080	65,500	132,580	-74,080	58,500
<b>Total Agency Costs</b>	<b>\$400,952.82</b>	<b>\$2,482,944</b>	<b>\$517,773</b>	<b>\$-7,719</b>	<b>\$510,054</b>	<b>\$522,624</b>	<b>\$-9,847</b>	<b>\$512,777</b>
General Fund	400,952.82	482,944	502,773	-7,719	495,054	502,624	-9,847	492,777
State Special Revenue Fund	0.00	2,000,000	15,000	0	15,000	20,000	0	20,000
<b>Total Funding Costs</b>	<b>\$400,952.82</b>	<b>\$2,482,944</b>	<b>\$517,773</b>	<b>\$-7,719</b>	<b>\$510,054</b>	<b>\$522,624</b>	<b>\$-9,847</b>	<b>\$512,777</b>

## Overview

One of the major obstacles for economic development in Montana is the lack of investment capital for new and early expansion stage businesses. Also, future job creation in the state will depend to a large degree on economic diversification and exploitation of new technologies to expand Montana's commercial base. State government has committed to address these factors by creating a professionally managed program to provide investment capital on a "for-return" basis.

To fulfill this purpose, the Montana Science and Technology Alliance (MSTA) manages two investment programs for the purpose of strengthening entrepreneurial business development in Montana by encouraging the utilization of innovative technology to the benefit of the State's economy.

The Seed Capital Investment Program was established and financed through passage of HB683 during the 1989 Legislature. The law authorizes MSTa to manage \$7.5 million of the In-State Investment Fund (part of the Coal Severance Tax Trust Fund) for financing new and expanding technology-based businesses in Montana. The investment fund was established to be managed by MSTa on a "for-return" basis through June 30, 1994. No legislative action is required in 1991 to maintain its availability. Return-on-investment is distributed according to the provisions of In-State Investment Fund statutes.

The Alliance's Research and Development Program is financed through the General Fund. A state special revenue fund has been established for paybacks received on previous research and development projects financed by MSTa which in turn helps finance the program. The amount expected to flow into the account is minimal. Investments from this program emphasize participation between university-based research and private sector companies in the areas of Applied Technology Research, Technology Transfer, and Research Capability Development.

## Goals

### Seed Capital Financing Program

The seed capital program was established to assist in the development of innovative technology in the state by providing a source of capital to the technology-based entrepreneurial sector in the state's economy. MSTa expects to invest in between twenty and twenty-five companies at the seed, start-up, and expansion stages of development during the five-year management term of the \$7.5 million fund. Since Alliance funds are matched with at least an equal amount from non-state appropriated sources, the total capital to be invested over the life of the fund is at least \$15 million. MSTa manages the Seed Capital Investment Program similar to a private venture capital fund. Investments usually involve unsecured risk but also include mechanisms to achieve a substantial return on investment. The Alliance expects to earn a fifteen to twenty-five percent rate of return for the state from the Seed Capital Program.

Since its inception, the Alliance has made seed capital investments of \$1,508,600 in eleven companies which created or retained over 60 jobs. Direct jobs created by seed capital portfolio companies financed by MSTa receive an average salary of \$20,000 per year. For every job created or retained, MSTa estimates that an additional 1.25 indirect jobs are created or retained in the Montana economy with an annual salary of \$12,000. Accordingly, the Alliance has been responsible for the establishment of companies which created or retained over 130 Montana jobs, generating over \$2.1 million in yearly personal income.

### Research and Development Financing Program

The goal of the research and development program is to assist in the accelerated development of technology in the state by providing a source of funds to researchers and research organizations in Montana. The Alliance's Research and Development fund is invested in projects that the board finds have outstanding technological and commercial potential for the future of Montana.

During the 1989 Biennium, MSTa was instrumental in establishing a Center of Excellence program involving the

research institutions located within the Montana university system. One of the main objectives of the Center of Excellence program is to improve the climate for high-technology industries in Montana. This is accomplished by providing interaction between investors, research establishments, and private industry. Commercially viable products or processes developed by the Centers also provide a source of investment opportunities which flow into the Seed Capital Investment Fund and other private investors.

It is the intention of MSTa to submit separate legislation to support the Research and Development program utilizing a portion of the in-state investment fund. The fund would be utilized by the Alliance to continue the Centers of Excellence program and to provide match for federal research program allocations scheduled for Montana through the National Science Foundation, the National Institutes of Health, and others.

Montana's Centers of Excellence are in the areas of Biotechnology (involving the University of Montana and Montana State University), Minerals and Hazardous Waste Processing (involving Montana Tech, Montana State University, and University of Montana), the Institute for Biological and Chemical Institute (involving Montana State University), and the Montana Entrepreneurship Institute (involving the Schools of Business Administration at the University of Montana, Montana State University, and Eastern Montana College).

### Medical Research Facility Projects

The Alliance was charged with awarding grants to medical research facilities involving national medical concerns. State funds, matched on a four-to-one basis with federal funds, will be used for construction and start-up operating costs associated with a significant medical research facility in Montana. Under this program, the Alliance is currently seeking matching funds for the McLaughlin Research Institute in Great Falls.

### Authorization

Title 90-3-101 - 525, MCA Montana Science and Technology Financing Act,

provides for establishment of, and guidelines for making loans from the Seed Capital Investment and the Research and Development Fund.

### **Base Program**

MSTA staff administers the seed capital and the research and development financing programs according to statutory requirements and administrative rules relevant to the program. There are a total of six FTEs; the executive director, a senior investment manager, two investments managers, an accounting specialist, and a program assistant.

The Alliance staff functions as a single unit in managing the two financing programs. The executive director is responsible for the overall guidance of the program. In addition to administrative duties, the director is directly involved in portfolio company management. The senior investments manager is also involved in portfolio company management in addition to overall staff duties which include investment opportunity prospecting; analysis and due diligence on each investment opportunity; investment structuring, negotiating, and closing; financial monitoring, company management assistance; recruiting new company personnel; seeking additional outside company financing, and managing MSTAs' sale of its interest in companies. After an investment in a company, the investment staff is often required to sit on a company's board of directors representing the Alliance's interest in the company. As board members, they are involved with helping the company solve problems and assist the company in realizing its business development goals.

In addition to the responsibilities associated with the seed capital program described above, staff is also responsible for administering the research and development program which entails proposal analysis, investment structuring, negotiating and closing, financial and progress monitoring and post disbursement management.

### **Base Funding**

The Alliance is funded through the General Fund. It is the intention of MSTAs to submit separate legislation to support the Research and Development program, currently supported by the General Fund, by seeking authorization to manage a portion of the in-state investment fund.

In addition to the General Fund appropriation, MSTAs have the authority to spend monies which flow into a special revenue fund created for depositing payback of principal and earnings on research and development project loans. In fiscal years 1991 and 1992 a total of \$3,200.00 and \$3,500.00, respectively, is expected to flow into the account which will be used to enhance the pool of funds available for research and development type investments.

## Performance Indicators

MSTA measures its performance by the number of financing inquiries received, the number of quality proposals received, the success of the companies in which it invests, the number of jobs created, and the overall return-on-investment to the State from its investment program. The following is a list of those performance factors with comments on targeted levels of success.

Factor	Target
Number of Inquiries	100. per year
Number of Quality Proposals	35 per year
Investment in Companies with Gross Sales Levels of \$3.0 million after the Fifth Year of Operation	15
Number of Jobs Created or Retained	50 per year / 250 over the life of the program
*Return-On-Investment for the Portfolio	15% to 25%

\*Monetary returns on Seed Capital Investments will generally not be received until five years after the financing is closed. The percentage indicated is what MSTP expects from its overall portfolio over the life of the program.

## Increase or Decrease from Base

### Current Level Adjustments

Personal Services is increased primarily to fund per diem for Board members at actual costs. Personal Services does not reflect the current salary being paid for the exempt positions of the Executive Director and Senior Investment Officer.

FY92 - \$4,435      FY93 - \$4,433

Operating expenses increase and grants decrease due to a reallocation within the program that reflects more accurately the actual costs of operation. Also operating expenses show a net increase because of the increased indirect charges related to increases in exempt salaries and adjustments in the department's fixed costs.

Net Savings FY92 - (\$12,154)      FY93 - (\$14,280)

## BOARD OF HOUSING

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	14.00	14.00	14.00	.00	14.00	14.00	.00	14.00
Personal Services	322,713.30	399,580	393,327	878	394,205	392,648	872	393,520
Operating Expenses	1,235,055.39	1,750,995	1,790,334	-283,067	1,507,267	1,733,325	-153,142	1,580,183
Equipment	13,169.10	2,619	2,619	144,831	147,450	2,619	1,331	3,950
Debt Service	1,498.92	1,499	1,499	-1,499	0	1,499	-1,499	0
Total Agency Costs	<u>\$1,572,436.71</u>	<u>\$2,154,693</u>	<u>\$2,187,779</u>	<u>\$-138,857</u>	<u>\$2,048,922</u>	<u>\$2,130,091</u>	<u>\$-152,438</u>	<u>\$1,977,653</u>
Proprietary Fund	1,572,436.71	2,154,693	2,187,779	-138,857	2,048,922	2,130,091	-152,438	1,977,653
Total Funding Costs	<u>\$1,572,436.71</u>	<u>\$2,154,693</u>	<u>\$2,187,779</u>	<u>\$-138,857</u>	<u>\$2,048,922</u>	<u>\$2,130,091</u>	<u>\$-152,438</u>	<u>\$1,977,653</u>

## Overview

The Montana Board of Housing (Housing Division) is established to provide decent, safe, sanitary and affordable housing for lower income individuals and families in the State of Montana.

The Board operates single family homeownership and multifamily rental housing programs, both through the issuance of revenue bonds, which are general obligations of the agency, the proceeds of which are made available to individuals, private enterprise, and governmental entities; and through the allocation of federal tax credits to individuals, private enterprise, and governmental entities.

During the 51st Legislature, Senate Bill 115 was passed, which authorized the Board to establish a Reverse Annuity Mortgage Loan program to assist elderly lower income homeowners. This program is the fifth housing program operated by the Board.

## Goals

To provide mechanisms which enable lower income Montanans to own or rent decent and safe housing which is within their financial capability. By continuing and enhancing

existing single family home ownership and multifamily rental housing programs, and by coordinating available resources to develop new and innovative housing programs to mitigate the increasing housing needs in the State.

## Authorization

Title 90-6-101 - 127, MCA

"The Housing Act of 1975" which established the Montana Board of Housing, and defined its purpose and authority.

Title 90-6-501 - 507, MCA

"The Reverse Annuity Mortgage Loan Act" which established a Reverse Annuity Loan Program within the Montana Board of Housing.

## Base Program

The Board administers five distinct housing programs within the base levels of funding, as follows:



#### Single Family Homeownership Programs

##### Single Family Bond Program

The program was initiated in 1977 to assist lower income Montanans purchase their first home via the issuance of tax-exempt mortgage revenue bonds and the resultant below market rate mortgage loan funds. Since 1977, 20 bond issues have been sold, the proceeds of which have assisted approximately 15,000 Montanans to purchase existing housing or to build new homes in 177 communities. The typical mortgage rate produced offers to qualifying borrowers an annual interest savings of at least \$670; over the 30-year life of the loan, a savings of \$20,000, versus the conventional FHA and VA markets. The bonds are general obligations of the Board and not of the State, enjoy AA bond ratings, and represent over \$700 million in capital that has been, for the most part, imported into Montana.

##### Mortgage Credit Certificate Program

This program was implemented in July, 1987, as another mechanism to assist lower income Montanans purchase their first home, through the issuance of federal tax credits. With this program, the Board converts its mortgage revenue bond authority into federal tax credit authority, thereby benefiting a qualifying borrower by reducing their federal tax liability, which, in turn, should provide more disposable income to assist in making monthly mortgage payments. Over 1,600 individuals and families have received an allocation of a mortgage credit certificate in conjunction with either the purchase of an existing home, or the construction of a new home.

##### Multifamily Rental Housing Programs

##### Multifamily Bond Program

Initiated in 1978 to provide construction funds and to purchase permanent multifamily mortgage loans for projects that provide low income rental housing for families and the elderly, through the issuance of tax exempt industrial development notes and bonds. Since 1978, four issues have been sold, the proceeds of which have been used in the rehabilitation and the new construction of 668 multifamily rental units in eight Montana communities. The notes and

bonds are general obligations of the Board, and carry a AA rating.

##### Low Income Housing Tax Credit Program

This program, which was implemented in November, 1987, is designed to provide for the retention, rehabilitation and construction of low income rental housing through the allocation of federal tax credits to qualifying projects within the State. The low income housing tax credit offers a straight dollar-for-dollar reduction in tax liability, to owners and investors in eligible housing. Approximately \$1,200,000 has been allocated by the Board to 21 projects, containing 377 units, in eleven Montana communities.

##### Reverse Annuity Mortgage Program

This program was authorized by the 51st Legislature, and is intended to provide qualified elderly lower income homeowners an additional income source from the accumulated equity in their homes, and thereby enable them to provide more substantially for their own in-home support and specialized care. The Board will enter into a mortgage loan with a borrower, based on the accumulated equity in the home, and advance loan payments monthly for a period of ten years, as long as the borrower occupies the property.

##### Base Funding

The Montana Board of Housing is funded through a proprietary account. The funds to operate the programs administered are generated through either the sale of tax-exempt bonds or administrative fees.

## Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
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Single Family Bond Program Homebuyers Assisted	700	800	800	800
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Mortgage Credit Certificate Program Homebuyers Assisted	450	500	500	500
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Multifamily Bond Program Rental Units Financed	0	50	50	50
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Low Income Housing Tax Credit Program Rental Units Assisted	135	80	80	80
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Reverse Annuity Mortgage Program Elderly Borrowers Assisted	0	60	60	60
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## Increase or Decrease from Base

### Current Level Adjustments

Personal services increased due to an adjustment in employee benefits.

FY92 - \$878 FY93 - \$872

Operating expenses reflect a net decrease due primarily to declining mortgage loan delinquencies and foreclosure costs.

FY92 - (\$283,067) FY93 - (\$153,142)

Equipment increases in FY92 primarily for the purchase of computer hardware for the Board's mortgage accounting system. Currently, the Board of Housing computer system is shared by the Board of Investments for mortgage accounting.

The current system does not allow on-line research. Increased usage has created the need for the updated and expanded system.

FY92 - \$144,831 FY93 - \$ 1,331

## BOARD OF INVESTMENTS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Docr	Base	Incr/Docr
					Recommended	Recommended
Full Time Equivalent Employees	26.00	26.00	26.00	1.00	27.00	1.00
Personal Services	946,597.34	981,735	1,007,003	27,894	1,034,897	27,839
Operating Expenses	374,873.59	628,892	659,639	-18,783	640,856	5,030
Equipment	13,448.61	12,000	12,000	24,000	36,000	0
Total Agency Costs	\$1,334,919.54	\$1,622,627	\$1,678,642	\$33,111	\$1,711,753	\$32,869
Proprietary Fund	1,334,919.54	1,622,627	1,678,642	33,111	1,711,753	32,869
Total Funding Costs	\$1,334,919.54	\$1,622,627	\$1,678,642	\$33,111	\$1,711,753	\$32,869
					\$1,574,287	\$1,607,156
					26.00	27.00

## Overview

The Board of Investments (Investment Division) manages the state investment portfolio of \$3.2 billion. There are four separate investment portfolios. 1.) The fixed income portfolio of over \$2 billion is the largest and consists of the long term debt held by the Board. 2.) The equity portfolio consists of a common stock portfolio of over \$300 million. 3.) The Short Term Investment Pool (STIP) consists of a portfolio of nearly \$700 million in securities with maturities of less than one year. 4.) The residential loan and commercial loan portfolio consists of \$160 million of Montana residential and commercial loans. The commercial loan portfolio consists mainly of coal tax loans which carry low interest rates and are designed to stimulate the Montana economy. The Board also is responsible for administration of several different programs which issue bonds for the purpose of assisting local governments, cities and school districts or providing funds to improve our state economy.

## Goals

The Boards goal is to manage the state's money in a professional manner designed to yield returns greater than most public funds at a cost lower than those funds.

## Authorization

Article VIII, Authority to invest funds.  
Section A of the Montana Constitution

Title 17-6-201 - 331, MCA Investment Guidelines

Title 17-5-1500 - 1600, MCA Bond Issuance Authority

Title 90-8-100, MCA

## Base Program

The income returned by the investment program was \$295 million in the last fiscal year. Our performance was in the SEI 1st Quartile. This level of performance will be maintained as the portfolio grows. The basic investment function will continue under in-house management as long as the performance continues at current levels because the cost is less than a quarter of the cost of outside management. Continued growth of the portfolio will require

some modest increase in investment staff. Costs are allocated to the various portfolios based on the actual cost of managing those portfolios. Costs of investment management were \$2,830 per million of funds managed for the average public fund in the United States in 1989. Montana's cost was only \$430 per million in 1989.

#### Economic Development Bond Programs

The Board has two economic development bond programs: Stand Alone and Pooled. These programs provide lower capital to eligible Montana businesses through the use of tax-exempt bonds.

The Stand Alone Economic Development Bond Program provides only a means for satisfying certain eligibility requirements for businesses to obtain money raised from tax-exempt sources. Under this program, the Board does not extend, either directly or indirectly, credit or funds to program users but serves only as a legal conduit into the tax-exempt bond market. The Board did not issue any stand alone bonds in fiscal year 1989.

The Pooled Economic Development Bond Program provides not only a vehicle into the tax-exempt market but also, upon full satisfaction of program requirements, provides loan funds to Montana businesses raised by the Board through its pooled bond issues. The Board issued no pooled bonds in fiscal year 1989. As of June 30, 1989, \$6,695,000 in pooled bonds were outstanding, and all 17 loans in the program were current.

#### Montana Conservation Reserve Payment (CRP) Enhancement Program

In November 1989, the Board implemented a loan program which will allow farmers to receive a lump sum amount in return for assigning their federal CRP contracts to the Board. The loan funds will be made available from bond proceeds. It is anticipated that farmers can anticipate approximately 65 percent of the remaining CRP payments in an up-front loan amount under this program. The Board closed \$5.9 million in loans by Sept 1, 1990.

#### Municipal Consolidation Finance Act

The Municipal Consolidation Finance Act directs the Board to find ways to achieve borrowing efficiencies and reduce the cost of borrowing funds for Montana local governments. To this end, the Board has implemented various programs designed to save local governments money.

#### Montana Cash Anticipation Finance Program

The Montana Cash Anticipation Finance Program (MCAF) was initiated in 1985. The program provides Montana cities, schools, towns, and counties with funds to cover temporary cash deficits. In fiscal year 1990, the Board issued bonds totaling \$9,485,000 to finance its MCAF program.

On August 23, 1990, the Board issued \$7,385,000 to fund the fiscal year 1991 MCAF program.

#### Intermediate Term Capital program (INTERCAP)

In 1987, the former Montana Economic Development Board (MEDB) implemented a program to finance the intermediate-size capital needs (\$500,000 or less) of cities, towns, and counties to finance equipment, vehicles, and some real property projects. In March 1987, \$6.5 million of INTERCAP bonds were issued by the MEDB and backed by the Board of Investments. In July 1988, the Board issued another \$5 million in INTERCAP bonds and expanded the program to allow rural fire districts, county hospital districts, and county water and sewer districts to participate. Legislation passed by the 51st Legislature now allows school districts to participate in the INTERCAP program.

#### Base Funding

The investment management function is financed from a charge back to the funds managed as follows for fiscal year 1990:

Portfolio	Dollars Managed	Cost
Fixed Income (1 year +)	\$2 billion	\$273,514
Short Term Inv. Pool	700 million	\$412,654
Common Stock Pool	300 million	\$288,425
Montana loans & mort.	160 million	\$281,280

The cost of management for each portfolio reflects the actual cost of investment and accounting staff and the hours spent in each area. The staff processed nearly \$20 billion in transactions in fiscal year 1989. Obviously the long term fixed income portfolio is the least expensive to manage but the returns in the other areas justify the management cost for those areas.

The funding for each of the separate bond programs is generated by those programs and is as follows:

Bond Program Revenues

Local Government Bond Pools	\$115,059
Conservation Reserve Program	\$250,000

**Performance Indicators**

Manage funds held for the beneficiaries as required by the prudent expert rule, the legislature, and the Montana Constitution.

**Performance Measurements**

STIP	Achieve an annualized rate of return at least 70 basis points greater than the average of the first 91 day treasury bill auction for each calendar quarter.
MONTCOMP	Achieve an annualized time weighted total rate of return exceeding the S.E.I. median return.
FIXED INCOME	Achieve annualized time weighted total rate of return exceeding the Shearson Lehman Corp. Index <sup>1</sup> in up markets (declining interest rates) and within 2 percentage points in down markets (rising interest rates) assuming the availability of hedging alternatives to mitigate severe market declines.
MORTGAGES	Achieve a delinquency rate lower than a comparable regional delinquency rate while maintaining or increasing the number of services.
COAL TAX LOANS	Submit all loans meeting policy requirements to Board for consideration while maintaining or increasing the number of services.
BOND PROGRAMS	Provide funds for local governments at a lesser cost than bank certificate of deposit rates assuring continuous availability of funds.

1. Montana's average maturity significantly exceeds that of the Shearson Lehman Corp. Index.

## Increase or Decrease from Base

### Current Level Adjustments

Operating expenses reflect a net decrease in FY92 due to a projected reduction in the costs of administering the Conservation Reserve Payment Enhancement Program. Because this program is relatively new, it is projected that costs of the program will begin to increase in FY93. The reduction in the CPR Program is offset by increases in indirect cost charges due to increases in personal services and adjustments to department fixed costs.

FY92 - (\$18,783) FY93 - \$ 5,030

Equipment increases in FY92 for the purchase of computer hardware and a high speed printer. The need for additional equipment is caused by the Board's portfolio growth.

FY92 - \$24,000 FY93 - 0

### Program Enhancements

#### Additional FTE for Bond Programs

BOI is requesting the addition of a Bond Program Specialist to provide technical program support for the bonding programs administered by the Board of Investments and the Health Facility Authority. Increased bonding activity in both areas has created the need for the additional position. The Health Facility Authority contracts for program support from the Board of Investments and will fund one half of the new position.

FY92 - \$27,894 FY93 - \$27,839



## MONTANA LOTTERY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	35.00	36.00	36.00	.00	36.00	36.00	.00	36.00
Personal Services	899,887.16	996,421	1,036,486	2,370	1,038,856	1,036,732	2,351	1,039,083
Operating Expenses	16,090,040.72	18,990,882	17,618,588	3,363,415	20,982,003	18,438,349	3,092,709	21,531,058
Equipment	66,033.00	0	0	0	0	0	55,500	55,500
Transfers	4,168,857.51	5,000,000	6,000,000	40,150	6,040,150	7,000,000	-68,056	6,931,944
Debt Service	189,992.52	1,992	1,992	-1,992	0	1,992	-1,992	0
Total Agency Costs	<u>\$21,414,810.91</u>	<u>\$24,987,295</u>	<u>\$24,657,066</u>	<u>\$3,403,943</u>	<u>\$28,061,009</u>	<u>\$26,477,073</u>	<u>\$3,080,512</u>	<u>\$29,557,585</u>
Proprietary Fund	21,414,810.91	24,987,295	24,657,066	3,403,943	28,061,009	26,477,073	3,080,512	29,557,585
Total Funding Costs	<u>\$21,414,810.91</u>	<u>\$24,987,295</u>	<u>\$24,657,066</u>	<u>\$3,403,943</u>	<u>\$28,061,009</u>	<u>\$26,477,073</u>	<u>\$3,080,512</u>	<u>\$29,557,585</u>

## Overview

The Montana Lottery designs and markets lottery games which allow players to purchase chances at winning a prize. A five member commission, appointed by the Governor, sets policy and oversees activities and procedures of the Lottery. The Governor also appoints a Lottery director who coordinates the Lottery's marketing, operations, security, and administration divisions. The Lottery presently offers two types of lottery games: an instant scratch off game and an on-line game. These products allow players to win prizes instantly on scratch off tickets or participate in a twice a week drawing for a growing grand prize worth, at a minimum, two million dollars. Revenues from the sale of lottery tickets are distributed with a minimum of 45% to prizes, a minimum of 5% to commissions, operating expenses, and the remaining net revenue is transferred to the Office of Public Instruction for distribution as state equalization aid to the public schools of Montana.

## Goals

Maximize the net revenue paid to the Office of Public Instruction and ensure that policies and rules adopted further revenue maximization.

Maintain the integrity of lottery games and drawings by ensuring adequate security measures are enforced.

Broaden the current player base by researching, developing and offering innovative lottery products.

Initiate on-line product diversification and market expansion.

Provide necessary support services to allow the Lottery to effectively serve both players and retailers.

Broaden and increase the Lottery's retailer base resulting in the expansion of product availability to the playing public.

## Authorization

Sections 23-5-1001 through 23-5-1036, MCA, The Montana State Lottery Act of 1985, provide for the existence and administration of a state operated lottery.

## Base Program

The Marketing Division plans, designs and implements lottery products and related strategies. This includes the development, sale and distribution of nine unique instant



scratch off games and advertising materials each fiscal year. Other objectives include the development, research and introduction of a variety of new lottery games, expanding the retailer and player base, and maximizing the use of advertising funds.

The Operations Division performs all accounting and data processing functions for the Lottery. Its objectives are to provide clear and pertinent financial data to Lottery management and commission, the general public and regulatory agencies, to process prize payments within one day of receipt, to provide retailers with accurate accounting information, to pay vendors within required state regulations, and to provide data processing support for the Lottery.

The Security Division oversees security of ticket printing, computer systems, lottery facilities, lottery retailers and employees, and drawings. The objectives of this division are to attend the printing of lottery tickets, perform an extensive background investigation on all new potential lottery retailers, employees and gaming vendors, and ensure the continued security of all lottery computer systems, facilities and drawings.

The Administration Division provides support services to the three other divisions. This includes policy making, administrative functions, secretarial services, training, public relations, communications, and coordination of all drawings events.

### **Base Funding**

The Montana Lottery is a proprietary fund operation deriving all funding from the sale of instant scratch off tickets, the sale of on-line tickets and licensing of lottery retailers. Prizes, commissions and net operating transfers are statutorily appropriated while operating expenses are included in the general appropriations act.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Trans. to OPI (million)	4.2	5.1	6.0	6.9
No. of Licensed Instant Ticket Retailers	855	860	863	875
No. of Licensed On-line Retailers	306	350	375	400
Percent of Licensed Retailers Earning Bonus Sales Commission (as a percent of total licensed retailers)*	20	33	45	50

\* Based on increases in sales, retailers may earn up to an additional 5% bonus sales commission.

## Increase or Decrease from Base

### Current Level Adjustments

Personal services increased due to an adjustment in employee benefits.  
FY92 - \$2,370 FY93 - \$2,351

The Montana Lottery table reflects the statutory appropriations for prizes, commissions, and transfers to OPI. The increase/decrease to the base includes adjustments to these costs due to a change in revenue estimates.  
FY92 - (\$84,850) FY93 - (273,056)

Operating expenses show a net increase due to adjustments in the department's fixed costs.  
FY92 - \$21,632 FY93 - \$21,927

### Program Enhancements

**On-Line Lottery**  
During FY 90, the Montana Lottery implemented an on-line lottery system in conjunction with several other states. During the preparation of the 91 biennium budget, ability to participate and the cost of participation in an

interstate lottery were unknown. The budget for on-line lottery was not included in the base. 23-5-1027(4), MCA states, "the spending authority of the lottery may be increased in accordance with this section upon review and approval of a revised operation plan by the budget office."

FY92 - \$3,466,783 FY 93 - \$3,275,782

### Vehicle Replacement

5 vehicles used by field staff will be 3 years old in FY 93 and have approximately 100,000 miles on each vehicle.  
FY92 - \$0 FY93 - \$55,500

## BOARD OF HORSE RACING

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Personal Services	103,084.95	167,537	163,940	-53,759	110,181	164,146	-53,835	110,311
Operating Expenses	124,947.94	155,110	157,377	37,964	195,341	156,706	38,215	194,921
Equipment	410.01	2,000	2,000	0	2,000	2,000	0	2,000
Total Agency Costs	\$228,442.90	\$324,647	\$323,317	\$-15,795	\$307,522	\$322,852	\$-15,620	\$307,232
State Special Revenue Fund	228,442.90	324,647	323,317	-15,795	307,522	322,852	-15,620	307,232
Total Funding Costs	\$228,442.90	\$324,647	\$323,317	\$-15,795	\$307,522	\$322,852	\$-15,620	\$307,232

## Overview

The Board of Horse Racing and its staff are responsible for regulating the horse racing industry, both live and simulcast. The bureau insures compliance of approximately 3,500 licensees to the laws and rules of the state of Montana and the Board of Horse Racing. The bureau is responsible for insuring that the racing industry is operated in such a matter as to insure public trust and complete integrity.

## Goals

To allow the racing industry, both live and simulcast, to grow and perform at a level which would be beneficial to all racing interests in the state of Montana.

## Authorization

Title 2-15-1881, MCA Establishes the Board of Horse Racing.

Title 2-15-121, MCA Allocation for administrative purposes only.

Title 23-4-104, MCA Duties of the board.

Title 23-4-105, MCA Authority of board.

Title 23-4-202, MCA Penalty for violations of law - authority of board of judicial review.

Title 23-4-203, MCA Race meets- when lawful.

Title 23-4-204, MCA Race exclusively for Montana-bred horses -- bonus for winner.

Title 23-4-304, MCA Gross receipts - department's percentage - collection and allocation.

## Base Program

The Bureau has 4.78 full time employees and approximately twenty seasonal employees. The seasonal contractors are regulatory people working at the tracks and simulcast facilities. The Montana Board of Horse Racing:

Approves all race dates, stakes races, race facilities and simulcast facilities.

Audits all parimutuel wagering and stakes race accounts.

Approves all racing officials.

Licenses approximately 3,500 individuals, eight race tracks and fifteen simulcast facilities.

Collects and distributes funds pursuant to Title 23, Section 4, MCA.

### Base Funding

The Montana Board of Horse Racing is funded primarily from 1% of the parimutuel handle from both live and simulcast racing. Other revenues include 30% of the owners bonus, 10% of the breeders bonus, license fees, fines, and medication fees.

### Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Number of Licensed Tracks	7	8	8	8
Number of Licensed Simulcast Facilities	10	15	20	20
Number of Race Days (calendar year)	123 1988)	91 (1989)	100 (1990)	125 (1991)
		125 (1992)		
Parimutuel Wagering (calendar year)	9,200,000 (1988)	7,885,812 (1989)	9,200,00 (1990)	9,200,000 (1991)
		9,200,000 (1992)		
Number of Simulcast Race days (not including live race days)	30	60	100	125
School for Officials	1	1	1	1
Total Licenses Issued	3050	3100	3150	3200
Number of Board Meetings	12	12	12	12
Number of Simulcast Inspections	15	30	50	60
Medication	350	400	450	475

## Increase or Decrease from Base

### Current Level Adjustments

A vacant FTE has been transferred from the Board of Horse Racing to the Director's Office.

Net decrease FY92 - (\$15,795) FY93 - (\$15,620)

Because stewards and security personnel employed by the Board of Horse Racing are paid on a daily rather than hourly basis, the state PPP System cannot properly classify and pay these employees through the state system. The employees are currently being paid improperly in an exempt position. This situation has created a need to contract for the services provided by stewards and security personnel. Because the next race season starts in May of 1991, this change has been implemented in FY 91. FY 92 and FY 93 reflects the transfer of funds from personal services to contracted services to correct the improper placement of these employees and to provide the ability to contract for services.

FY92 - (\$37,964) FY93 - (\$38,215)







# MONTANA ARTS COUNCIL



# MONTANA ARTS COUNCIL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Deer Recommended	Base	Fiscal 1993 Incr/Deer Recommended
Full Time Equivalent Employees	7.97	7.97	7.97	.00	7.97	.00
Personal Services	213,218.67	225,725	225,440	495	225,935	493
Operating Expenses	198,520.97	193,563	205,805	-2,455	203,350	-12
Equipment	3,374.00	0	0	0	0	0
Grants	596,103.99	166,709	166,709	70,000	236,709	70,000
Total Agency Costs	\$1,011,217.63	\$585,997	\$597,954	\$68,040	\$665,994	\$70,481
General Fund	131,169.02	128,568	137,835	-4,140	133,695	-3,344
State Special Revenue Fund	531,374.61	112,582	113,225	41,605	154,830	42,044
Federal Special Revenue Fund	348,674.00	344,847	346,894	30,575	377,469	31,781
Total Funding Costs	\$1,011,217.63	\$585,997	\$597,954	\$68,040	\$665,994	\$70,481
Promotion Of The Arts	1,011,217.63	585,997	597,954	68,040	665,994	70,481
Total Program Costs	\$1,011,217.63	\$585,997	\$597,954	\$68,040	\$665,994	\$70,481

## Mission and General Description of the Agency

It is the mission of the Montana Arts Council to encourage the study and presentation of the arts in Montana and to stimulate public interest and participation. It cooperates with public and private institutions engaged in artistic and cultural activities, in all disciplines. It recommends appropriate methods to encourage participation in and appreciation of the arts, which meet the needs and aspirations of persons in all parts of the state. It fosters interest in the state's cultural heritage and expands the state's cultural resources. It encourages and assists freedom of artistic expression essential for the well-being of the arts.

The agency is authorized in section 22-2-101, MCA.

The agency consists of one program which conducts the following activities:

On-going programs, including services to cultural organizations and individual artists, providing artists' residencies in schools and communities, administering the Montana Folklife and Percent for Art in state buildings projects.

Council-initiated projects to conduct the following: Congressional Arts Caucus, ArtistSearch newsletter, First Book Award, the Governor's Arts Awards, panel review of grant applications by discipline, evaluations of re-grants, funding SOS Technical Assistance to cultural organizations suffering severe economic impact at the local level, carrying out the federally mandated Cultural Congress every two years and promoting the arts in Montana in cooperation with regional and national service organizations.

Direct re-grants to cultural organizations and fellowships to individual artists through the Council's annual re-grant and fellowship programs, performance underwriting to rural communities and immediate action grants for small unforeseen community initiated projects.

Under section 22-2-301, MCA, the Council administers the Cultural & Aesthetic Projects biennial grants program, which applications are reviewed by a citizens' advisory panel and final allocations are made by the legislature.

### **Agency Organization**

Policy is established by the 15 member citizen quasi-judicial board appointed by the Governor. The programs and functions are carried out by the Executive Director, 4 program (Artists Services, Organizational Services, Folklife Project and Accounting) and 3.97 technical-clerical (Data Processing, Document Processing, Arts in Education, Executive Secretary and Receptionist/Word Processing) staff and one half-time contract for Public Information.

**Program: Promotion of the Arts**

### **GOALS**

- I. To provide effective management in the delivery of programs, services and Council activities.
- II. To plan for the financial needs of MAC and its programs and maintain financial responsibility and begin economic development strategies.
- III. To respond to the needs of individual artists, arts organizations and the general public and to stimulate public interest and participation in the arts.

### **AUTHORIZATION**

The agency is authorized in section 22-2-101, MCA.

### **BASE PROGRAM**

The Council meets four times a year. One meeting, held annually in May or June, is primarily a granting session to award MAC grants and fellowships. The Council establishes fiscal and program policy for staff implementation. For the first six performance indicators, staff provides technical assistance to applicants, processes and reviews applications, provides input to the Council, advisory panels and/or legislature, notifies applicants of decisions, administers grants awarded,

oversees evaluations of each grant and collects final expenditure and self-evaluation materials and submits final reporting to all sources as required.

In addition staff provides information and technical assistance to constituents as requested and to the general public at the levels indicated in the next three performance indicators for the overall promotion and advancement of the cultural life of the state.

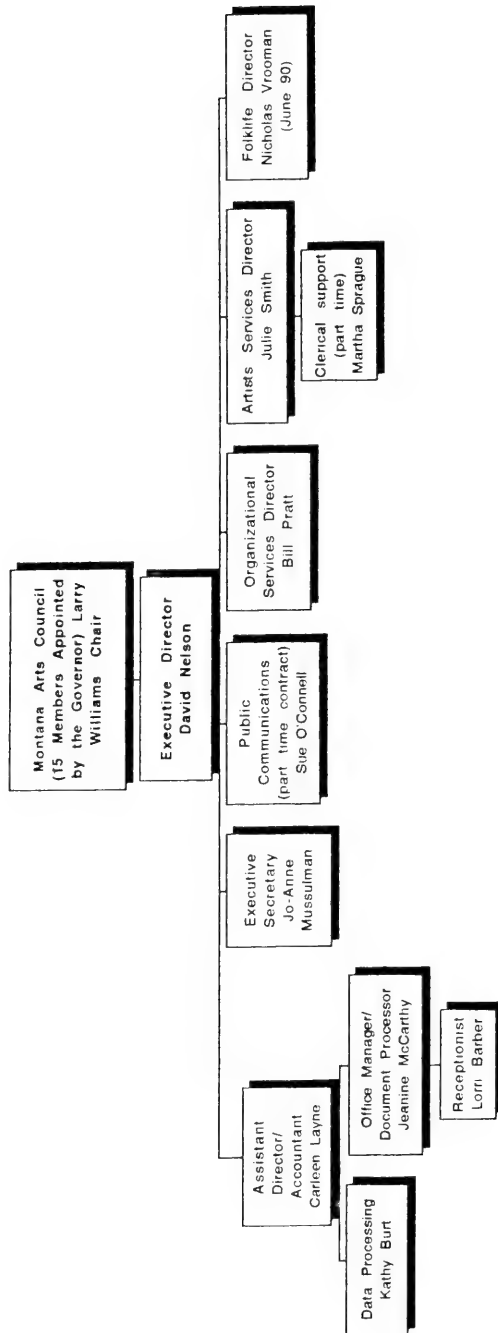
In carrying out the base program, fiscal and accounting documents are generated at the level indicated in the final performance indicator.

### **BASE FUNDING**

The agency is funded by a combination of General Fund, State Special Revenue and Federal Funds.

# Montana Arts Council Organizational Chart

April 1990



## Performance Indicators

The basic criteria by which all Council programs, including direct grantees, are evaluated is artistic and management quality. This criteria is evaluated by panelists and Council members, who primarily evaluate artistic quality, and staff, who evaluate management quality. While quality is difficult to measure, all our internal procedures are designed to utilize outside and in-house expertise on quality issues. It is also difficult to determine indirect benefit, especially in awards made directly to individuals. The numbers below reflect only direct benefit.

<u>MAC Grants</u>			
	<u>FY90</u> <u>Actual</u>	<u>FY91</u> <u>Appr</u>	<u>FY92</u> <u>Base</u>
number of applications--	94	77	80
dollars requested--	\$302,468	\$244,318	\$250,000
number awarded--	50	56	52
dollars awarded--	\$84,482	\$101,204	\$88,000
number individuals			
benefitted--	500,000	600,000	525,000
number artists			
participating--	4,000	4,800	4,100
<u>Fellowships</u>			
number of applications--	149	149	149
dollars requested--	\$298,000	\$298,000	\$298,000
number awarded--	11	8	8
dollars awarded--	\$22,000	\$16,000	\$16,000
number individuals			
benefitted--	11	8	8
number artists			
participating--	11	8	8
<u>First Book Award*</u>			
program conducted every other year	*		
number of applications--	22	22	22
dollars requested--	\$110,000	\$110,000	\$110,000
number awarded--	1	1	1
dollars awarded--	\$5,000	\$5,000	\$5,000
number individuals			
benefitted--	3	3	3
number artists participating--	2	2	2

Performance Indicators, continued

	FY90 <u>Actual</u>	FY91 <u>Appr</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
<u>Underwriting for performing arts in rural communities</u>				
number of applications--	68	68	68	68
dollars requested--	\$18,000	\$18,000	\$18,000	\$18,000
number awarded--	46	46	46	46
dollars awarded--	\$12,000	\$12,000	\$12,000	\$12,000
number individuals benefitted--	12,500	12,500	12,500	12,500
number artists participating--	50	50	50	50
<u>Cultural &amp; Aesthetic Project Grants*</u>				
grants awarded biennially				
number of applications--	87	*	129	*
dollars requested--	\$3,129,400		\$3,638,854	
number awarded--	56		94	
dollars awarded--	\$1,116,577		\$1,258,080	
number individuals benefitted--	2,000,000		2,250,000	
number artists participating--	3,000		3,400	
<u>Arts in Education</u>				
number of applications--	77	77	77	77
dollars requested--	\$82,321	\$82,321	\$82,321	\$82,321
number awarded--	77	77	77	77
number awarded to underserved--	46	46	46	46
dollars awarded--	\$82,321	\$82,321	\$82,321	\$82,321
number individuals benefitted--	15,964	15,964	15,964	15,964
number underserved individuals benefitted--	10,009	10,009	10,009	10,009
number artists participating--	30	30	30	30



Performance Indicators, continued

Information and Technical Services\*

\*all program staff  
mail and phone--  
in-person visits--

Public Information and Press

\*all program staff  
Press releases--

Articles--

Artistsearch newsletter

number artists

participating--

Creative Writing Anthology

number students involved--

number books distributed--

number artists

participating--

Advancement of the Arts

Governor's Awards

number invited--

number attending--

nomination forms

distributed--

Fiscal & Accounting  
documents processed

Increase or Decrease from Base

Personal Services: Increase in employee benefits.

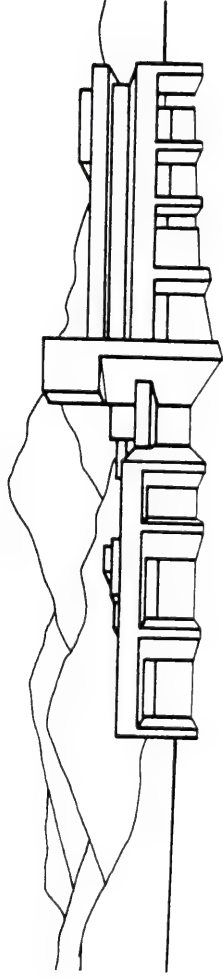
Operating Expenses: Minor adjustments in Contracted services include a rent increase of \$3,034 and Statewide Indirect Costs of \$3,235 each year of the 1993 biennium.

	<u>FY90 Actual</u>	<u>FY91 Appr</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
	18,700	18,700	18,700	18,700
	150	150	150	150
	4,800	4,800	4,800	4,800
	400	400	400	400
	17,724	17,724	17,724	17,724
	249	249	249	249
	1,200	1,200	1,200	1,200
	11	11	11	11
	1,850	1,850	1,850	1,850
	202	202	202	202
	2,800	2,800	2,800	2,800
	1,100	1,100	1,100	1,100

Grants: Executive authorized increase for re-grants to Rural Arts Organizations and Arts in Education. This request for \$70,000 for the biennium will be matched 50:50 by increased federal funds, which are only available to the Council, as the state arts agency. The state share is requested from Cultural & Aesthetic grant project sources.







# State Library Commission



State Library Commission - Narrative Budget Justification

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## MONTANA STATE LIBRARY

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## MISSION AND GENERAL DESCRIPTION

As authorized in Title 22, Chapter 1, MCA, and 90-15-101 MCA, the Montana State Library is responsible for providing assistance and advice to all tax-supported libraries and to citizens and local governments which may wish to establish and improve libraries. It administers all state and federal funding to public libraries throughout Montana. It administers the State Library which (a) provides information service to state government; (b) provides referral and backup service to all libraries in the state; (c) provides direct library service to all blind and physically handicapped Montana residents; (d) is responsible for the distribution centers of state documents; and (e) is responsible for the Natural Resource Information System and the Natural Heritage Program. It also oversees the six federations of libraries and conducts policy development, long range planning and coordination of library service throughout the state.

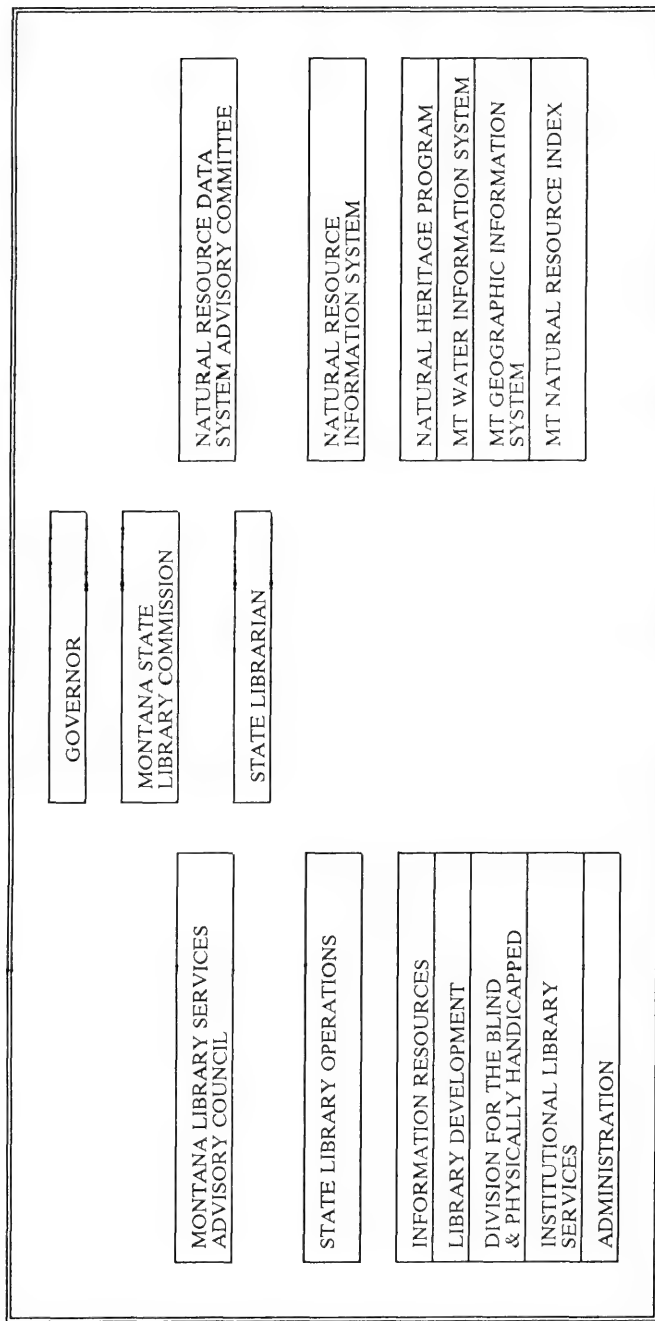
The State Library comprises two programs: State Library Operations and the Natural Resource Information System. The functional areas of the State Library Operations Program are Information Resources, Library Development, the Division for the Blind and Physically Handicapped, Service to State Institutions

and Administration. The Natural Resource Information System consists of the Montana Natural Heritage Program, the Montana Water Information System, the Montana Geographic Information System, and the Montana Natural Resource Index.

The library operates under policies established by the Montana State Library Commission, which was created by law in 1929. The commission consists of seven members as follows: five persons appointed by the Governor; the State Superintendent of Public Instruction or his/her designee; and a librarian appointed by the Commissioner of Higher Education from the Montana University System.



# MONTANA STATE LIBRARY ORGANIZATION CHART



## AGENCY ORGANIZATION

The Montana State Library Operations Program was established by the 1929 Legislature, which created the Montana State Library Commission and charged them with providing library services to state government and with developing and improving statewide library services. In 1968 the state accepted responsibility for library services to the blind and physically handicapped. The State Library Operations Program has five main components:

Information Resources provides reference and information services and lends materials, either directly to users or through academic, school, special, or public libraries. It also provides centralized library material acquisition, cataloging and technical processing, and operates the state's documents depository center. Responsibilities include servicing the information needs of state government, including direct interlibrary loan services.

Library Development provides assistance to Montana libraries to promote the most efficient delivery of library services to Montana's citizens. Assistance includes budget preparation, library laws, personnel issues, continuing education, collection management, library technology, and other forms of assistance. Library Development is involved in planning for improvement of library services in the state. Coordination of the library federation system and administration of state and federal grants to local libraries is also an integral part of Library Development's function.

Division for the Blind and Physically Handicapped is Montana's public library for the blind, visually impaired and physically disabled who are unable to read standard print. The library loans books and magazines in a variety of formats to eligible individuals and institutions. The library maintains and distributes the special playback equipment and accessories required to utilize the program. Volunteer recording programs for Montana materials are housed at the Montana State Library and the Montana State Prison.

State Institution Library Service provides consulting services and support for libraries in state institutions either directly or through contracts with public libraries. This function area administers and manages all aspects of the Montana State Hospital Library including staff supervision, collection development and budget. Collection development and funding for all state institutions is managed by the Institution Library Service function.

Administration provides central management, federal program administration, centralized fiscal and accounting activities and program-wide services for the State Library.

Montana Natural Resource Information System (NRIS) was established by the 1983 Legislature. The 1985 Legislature transferred responsibility for the program to the Library Commission. Nine agencies are named by statute to sit on an advisory committee that directs the development of the system, the purpose of which is to make sources of data and information on Montana's natural resources easily and readily accessible. NRIS operates a clearinghouse and referral service to link users with the best sources of information, and helps coordinate among agencies and organizations that collect, manage, or use the same types of natural resource information to prevent duplication of effort and promote information sharing. NRIS has four main components:

Montana Natural Heritage Program maintains a computer-assisted inventory of Montana's biological resources, emphasizing rare, threatened, or endangered plant and animal species and biological communities. The Natural Heritage Program is operated through a contract with The Nature Conservancy, which operates similar heritage programs in all 50 states and several foreign countries.

Montana Water Information System is the starting point for locating water resources information in Montana, such as data on surface water, groundwater, water quality, riparian areas, water rights, and climate data.

Montana Geographic Information System (GIS) provides technical assistance for statewide GIS projects and to agencies developing in-house GIS capability. NRIS inventories data available for GIS applications and coordinates GIS data standards and sharing throughout the state. The principal project is to provide GIS services to the Department of Health and Environmental Sciences in support of Clark Fork Superfund Cleanup activities.

Montana Natural Resource Index is a geographical and subject area indexing system for existing data sources (including both published and unpublished sources).

# LIBRARY OPERATIONS

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Inc./Decr Recommended	Base	Inc./Decr Recommended
Personal Services	24.71	24.50	24.50	1.00	24.50	1.00
Operating Expenses	568,258.61	636,733	637,590	19,201	636,720	19,156
Equipment	318,887.54	356,166	350,054	2,240	353,142	1,956
Grants	130,151.38	100,290	105,552	2,790	110,785	0
	828,579.24	933,078	1,025,154	-11,839	1,025,154	-14,768
Total Agency Costs	\$1,845,876.77	\$2,026,267	\$2,118,350	\$12,392	\$2,125,801	\$6,344
General Fund	851,217.96	632,357	931,547	26,212	939,040	23,051
State Special Revenue Fund	199,771.98	170,000	170,000	-11,839	170,000	-14,768
Federal Special Revenue Fund	794,886.83	1,223,910	1,016,803	-1,981	1,016,761	-1,939
Total Funding Costs	\$1,845,876.77	\$2,026,267	\$2,118,350	\$12,392	\$2,125,801	\$6,344
						\$2,132,145

## OVERVIEW

The State Library Operations Program has five main components:

**Information Resources** is the library for the State of Montana, with responsibility for the following: (1) information services to all state agencies and state employees; (2) reference and interlibrary loan referral and backup services through libraries throughout the state to all Montana citizens; (3) provision of statewide access to all State of Montana publications.

**Library Development** provides staff consultation and services to individual libraries, and direction to the six library federations. This includes statewide development and coordination of library services, long range planning and public information about library services in the state. It also administers and monitors the Library Services and Construction Act grant program for libraries and the Coal Severance Tax monies for the federations.

In cooperation with the National Library Service, the **Division for the Blind and Physically Handicapped** loans books and magazines in a variety of formats to over 2,000 eligible individuals and institutions throughout the state. The library also provides reference service, information referral, and interlibrary loan services to Montana's blind, visually impaired and physically handicapped readers. The division also administers a local recording program charged with recording and producing Montana books or books by Montana authors.

The Montana State Library administers a program which provides **Library Service to Montana's Institutionalized**. The State Library provides service in two ways: (1) by administering contracts with four public libraries to provide public library service to five institutions located in their geographic areas; and (2) by providing direct library service to nine state-run institutions.

**Administration** provides central management, purchasing, federal program administration, accounting activities and personnel services for both State Library Operations and the Natural Resource Information System programs.

## GOALS

- Seek adequate general fund support for the Montana State Library and secure staffing levels adequate to maintain increased workloads
- Assist local libraries in securing adequate revenues for provision of library services without charge, including support for increased state aid for libraries
- Provide consultation to libraries in the areas of: library policy statements, library policy for improvement of reference and information services, long-range planning and goal setting, collection development, and the general improvement of library services
- Develop and implement an active State Library public information program

- Coordinate state-level literacy activities

- Work with the Department of Institutions desigenece to improve library services in state institutions, and dealing with the following issues: capital improvement and repairs, funding options, damaged or lost library materials, and service contracts with public libraries

- Enhance access to other library collections by linking the Montana State Hospital and the Montana State Prison to the Western Library Network via LaserCat; train staff regarding its use; work with the Department of Institutions to provide ongoing funding for LaserCat subscriptions

- Acquire all national standards for various types of institutional library services, disseminate these to institutional administrators, and measure current service against these standards

- Continually explore increased cooperative library activities with Native Americans

- Improve library services to people of Montana with special physical and mental challenges

- Examine all innovative partnerships for cooperation among all types of libraries

- Provide expanded and improved access to Montana State Government publications to Montanans throughout the state

- Provide timely and accurate information to Montana State Government employees and decision makers

- Provide timely, accurate, and appropriate backup services to all Montana libraries so that all Montanans receive equitable library services

- Provide appropriate avenues of resource sharing with other Montana libraries so Montana is getting the most benefits from its money

- Provide continuing education for librarians and public library trustees

- Administer and monitor federal and state grants, coordinate and distribute funding for the six public library federations and offer direction to the latter

- Ensure print-impaired citizens equal, timely, and convenient access to reading materials which meet their educational, informational, recreational, vocational and self-development needs by various means including:

maintenance of the Montana Cassette Book recording programs at Montana State Prison and Montana State Library, administration of contract with the State of Utah to provide Montana citizens with materials in braille format, and active public information effort to inform eligible Montanans of the availability of Talking Books services, and regular evaluation of the service via user surveys

- Work with the Library of Congress/National Library Service to ensure continued implementation of the Revised Standards and Guidelines of Service for the Library of Congress Network of Libraries for the Blind and Physically Handicapped

## AUTHORIZATION

15-35-108 MCA Disposal of Severance Taxes allocates 1% of the earmarked coal severance taxes to the Montana State Library Commission for the purposes of providing basic library services to the residents of all counties through the federations and for payment of the costs of participating in regional and national networking

22-1-103 MCA State Library Commission - Authority gives the State Library Commission the power to assist all tax-supported libraries in the state; maintain and operate the State Library; accept and expend any federal grant funds; make rules and establish standards for the control and distribution of library materials; provide library services for the blind and physically handicapped; furnish library service and assistance to state officials; state departments and inadequately served residents of the state; develop standards for public libraries; and designate areas and headquarters for library federations.

22-1-201 through 22-1-218 MCA State Library Authorized provides for a state documents distribution center and depository libraries. The law mandates that any publication of any state agency will be deposited with the State Library for record and depository purposes.

22-1-325 through 22-1-331 MCA Information Access Montana Act specifies the State Library Commission shall administer state aid to libraries, distribute grants to public libraries on a per capita and per square mile basis, reimburse libraries for interlibrary loan transactions, develop a method to allow Montana libraries to issue state multilibrary cards, and provide a base grant for each public library to support the cooperative activities and services of the six library federations.

22-1-401  
through  
22-1-404 MCA and avoid duplication of effort.

Section 135,  
a, a-1, and  
b, of Title  
2, U.S.C.  
The Pratt-Smoot Act and Amendments established the national free library service for citizens who are blind, print impaired, physically disabled, and/or physiologically learning disabled. A system for establishing regional centers is described.

Chapter 19  
Title 44,  
U.S.C.  
Federal Depository Library Program authorizes the establishment of federal depository libraries. U.S.C. The law outlines the requirements for those libraries and how government publications will be distributed to them.

P.L. 98-480,  
Sections 101  
through 304  
Library Services and Construction Act, Titles I, II, and III, is to improve the delivery of public library service where it is inadequate or nonexistent, to those in institutions, or who may be blind and/or physically handicapped (Title I); a matching fund grant program for public library building projects (Title II); and interlibrary cooperation and resource sharing (Title III).

## BASE PROGRAM

The State Library Operations Program administers all state and federal grant funding for libraries; provides library services and consultation to all tax-supported libraries, state employees, blind and physically handicapped citizens; and supports the library federations.

The State Librarian is hired by the State Library Commission and is responsible for implementing all policies and actions of the Commission. He represents Montana at the regional and national level in matters that affect libraries. He works with other state officials to ensure the information needs of state government are met to the maximum degree possible. Leadership is provided in influencing and implementing library service policies on a statewide basis in cooperation with library officials at the state and local levels. Under base funding the objectives of the State Librarian's office are to manage the State Library's current workload, to seek additional funding for those areas in which the workload is beyond current staff resources, and to work with six Library Commission and four Advisory Council meetings per year.

Information Resources is the library of the State of Montana. This program provides staff, services, and collections of materials to make available information services for all state agencies, state employees and (through local libraries) all citizens of Montana. Under base funding the objectives of Information Resources are as follows:

1. Providing library services to state government employees on state business, including reference service, online database searching, interlibrary loan, current awareness, bibliographies, and outreach activities.
2. Providing library services to Montana's libraries including reference service, interlibrary loan, and online database searching.  
NOTE: Maintenance of the following response levels is appropriate to the above: 10,950 telephone requests, 700 online searches, 11,275 items circulated, 6,900 mail requests, and current awareness to 84 state employees.
3. Maintaining the state documents depository system for the state, acquiring, cataloging and distributing approximately 1,000 new titles per year and establishing 200 Montana name authorities annually for the Library of Congress' Name Authority Cooperative Project.
4. Processing materials received under the federal publications depository system, adding approximately 12,000 volumes to the collection annually.
5. Coordinating activities related to the expansion and development of Montana's statewide catalog of resources via the WLN and OCLC databases.
6. Strengthening (by selection and deselection) the collections of the Montana State Library to maintain a book collection of 70,700 and a periodicals collection of 473 titles.
7. Providing for all activities which keep this program operational -- circulation, reshelving, filing, cataloging, administration, acquisitions, and mailing, and purchasing 300 to 400 titles annually for the reference and circulating book collections.

Under base funding the objectives of Library Development are as follows:

1. Planning, assessment, and evaluation of local and statewide library services.
2. Assisting librarians and trustees throughout Montana by providing annually: 10-20 training workshops, 450 telephone consultations, 20 on-site visits, 60 contacts with other segments of the library community and 200 other contacts, and by acting as liaison to groups and professional organizations providing pertinent continuing education.
3. Making recommendations to the Montana State Library Commission regarding the improvement of library services in the state.
4. Providing coordination of and direction to the six public library federations.



5. Offering direction for library automation, telecommunications planning and network linkages between libraries.
6. Administering and monitoring state and federal library-related funding including Coal Severance Tax and HB 193 monies to library federations, and the Library Services and Construction Act.
7. Coordinating public information efforts for the agency and for libraries in the state, including a monthly newsletter distributed to approximately 1400 librarians, trustees and others; 35 agency publications including an annual library directory, annual report to the Governor and Legislature, and an annual statistical directory.
8. Coordinating activities related to the Montana Center for the Book, a program sponsored by the Library of Congress.
9. Providing leadership to the state's public libraries in their effort to serve Montana's children and young adults by coordinating statewide activities that promote library service to children and youth -- summer reading programs, Children's Book Week, National Library Week, etc.
10. Maintenance of the agency's mail databases and of its standard contract forms.

Institutional Library Services is a part of the Library Development unit at the State Library. The function of Institutional Library Services is to provide library service to individuals confined to state-run correctional, mental health and treatment institutions. Such services are designed to improve the chances for clients to receive public library-type service although confined, and to function more normally both within the institution, and outside that institutional setting. Under base funding the objectives of Institutional Library Services are as follows:

1. Providing ongoing library and information service to residents of Montana institutions through the administering of five contracts with four public libraries, and through direct library service in the Montana State Hospital.
2. Working with the Department of Institutions to establish responsibility for and improve library service to all Montana institutions by means of consultation with the Department, and dealing with the following issues: capital improvement and repairs; funding options; damaged or lost library materials; and the public library service contracts for institutional services.

3. Working toward the improvement of institutional library services by providing training for those responsible for library service in 14 state institutions, assessing and developing institutional library collections, services and programs; providing interlibrary loan and reference services in support of institutional library service; maintaining periodical and newspaper subscriptions for 12 institutions; and administering and monitoring ongoing day-to-day operation of the Montana State Hospital (MSH) Patient Library.
4. Managing and administering library budgets for the institutions.
5. Providing from the central libraries at MSH and at the men's correctional center, the following: response to informational requests from patients, staff and inmates at the Women's Correctional Center; maintaining, operating and updating holdings on the Western Library Network (WLN) LaserCat station; and providing interlibrary loan and reference services to all patrons.
6. From the library at MSH, providing the following services: book carts on 7 wards; weekly reading programs for patients residing in the geriatric ward; a branch library in the Forensics unit; and managing library services in the following MSH locations and for the following number of clients:

Service Area

Number of Patrons Served

MSH Patient's Library	Open to: 300 patients 700 employees & their families 20 women inmates
Spratt 219	30 geriatric patients
Forensic Branch Library	80 inmates &/or patients
Women's Correctional Center	56 inmates
Spratt (2 wards)	50 patients
Intake	20 patients
Treatment Units (7 wards)	150 patients

Figure 1: Indicates library service locations. Some patients &/or inmates have access to more than one service location.

7. Providing library services in MSH at the following levels: 1,826 books circulated; 3,458 music room uses; and 1,539 newspaper/magazine uses.

The Montana State Library for the Blind and Physically Handicapped provides library service to eligible individuals and institutions. The library provides library and information services to over 2400 Montanans who would otherwise receive no library services. Under base funding the library's objectives are as follows:

1. Providing library services to Montana's registered blind and physically handicapped readers including: checking out 113,000 Talking Books annually, selecting materials for 65% of the users, distributing 3,867 catalogs to patrons annually, providing information and reference support (7,850 information requests), and producing and distributing a newsletter in large type and recorded format.

2. Maintaining a working relationship with the Library of Congress, providing regular reporting regarding service, patrons, collection, etc. and implementing the "Revised Standards and Guidelines of Service for the Library of Congress Network Libraries for the Blind and Physically Handicapped."
3. Administering the development and operation of the Library for the Blind's automated Reader Enrollment and Delivery System (READS).
4. Working to increase the Library for the Blind and Physically Handicapped's staffing level, thereby decreasing the need to rely on volunteers to accomplish basic services.
5. Working with various volunteer groups such as Green Thumb and Community Restitution in order to provide basic services to patrons, and supervising the work of 72 volunteers including: Telephone Pioneers (872 hours -- equipment repair), correctional institution inmates (5000 hours -- record books), and other volunteers (4200 hours -- clerical and computer support, cassette book recording).



6. Administering of the Montana Cassette Book Program which is responsible for recording and producing books by Montana authors or about Montana, including volunteer scheduling, tape duplication, training, etc., providing 25 additional Montana Cassette Books annually and circulating 212 magazines to readers.
7. Supervising all aspects of the federal equipment program including repair (812 pieces of equipment and 950 cassettes), maintenance, record keeping, monthly and annual reporting, and ordering in order to provide record and cassette playback equipment to readers, ensuring that 3298 cassette book machines, 1184 talking book machines, and 2000 plus pieces of accessory equipment are in working order and available to patrons, and cleaning an average of 125 cassette and record players monthly.
8. Provide ongoing support for the services including: shelving 120,000 books annually; adding 40 new patrons each month; adding approximately 11,000 new books annually, rewinding 30,000 cassettes monthly; making over 3,000 annual changes in the patron information for the national magazine program.

The Administrative Unit performs the centralized services for the State Library. Effective functioning of this unit is essential to maintain the budgeting, accounting, purchasing, personnel, payroll and other support functions of the agency. The objectives of the Administrative Unit are as follows:

1. Maintaining systems to establish control of fiscal information involving the preparation of 1704 financial documents annually including: preparing financial reports for the State Library Commission six times annually; compiling and monitoring all areas of the agency budget; developing and monitoring the agency accounting system and monthly SBAS reports.
2. Providing for additional accounting activity including: monitoring grant funds and preparing quarterly reports on financial status; preparing all SBAS daily transactions on the OEE system; preparing the agency payroll for 34 employees, 26 times annually and maintaining all payroll records; preparing billing statements as required; maintaining the property records and performing annual physical inventories of equipment; purchasing all supplies and equipment per proper procedures for the agency, issuing 152 purchasing documents annually; and maintaining all financial files.
3. Providing support for meetings of the State Library Commission (6 meetings annually), and the Library Services Advisory Council (4 meetings annually), composing and distributing minutes of those meetings, and requiring approximately 35 mailings annually.

4. Handling all personnel matters, including all processes for recruitment, development and implementation of personnel policies, maintenance of personnel files, and staff orientation. This involves hiring approximately 8 staff annually.
5. Monitoring library issues on the state and national level.
6. Maintaining administrative files and mailing lists.
7. Serving as the receptionist for the agency and for sub-units of the agency as required, and engaging in special projects' support, as needed, for all areas of the library.

#### BASE FUNDING

The State Library Operations Program is funded by a combination of general fund, coal severance tax which is designated for networking, and federal Library Services and Construction Act (LSCA) funds. LSCA funds do require maintenance of effort. The increase shown in general fund for FY 92 and FY 93 is due to the State Aid for Public Libraries bill (HB 193) which was passed during the last session. The \$566,000 per biennium has now been incorporated into the Montana State Library base and is shown in the grants (non-operating) category.

## Performance Indicators

Based on Current Level Staff and Current Budget

### Information Resources

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Book collection	70,700	70,700	70,700	70,700
Periodical collection (titles)	473	473	473	473
State publications collection	17,276	18,276	18,276	18,276
Federal publications collection	213,469	225,469	225,469	225,469
Circulated items	11,275	11,275	11,275	11,275
Phone requests (average 5 minutes)	10,950	10,950	10,950	10,950
Mail requests (averages 30 minutes)	6,900	6,900	6,900	6,900
Online search requests (average 90 minutes)	700	700	700	700
Current awareness users	84	90	100	100
Montana Name authorities	200	200	200	200
Book orders processed	497	341	320	300

### Library Development

Workshops given	19	10	12	12
Consulting assistance (other than phone or on-site)	200	200	200	200
Consulting via phone	447	447	447	447
On-site visits	17	17	17	17
LSCA grant-related questions	52	52	52	52
Contact with six federations, statewide task forces and committees, professional organizations, etc. (including presentations to the State Library Commission and Library Services Advisory Council)	60	60	60	60
Newsletters	12	12	12	12
Publications & Fact Sheets	17	17	17	17
Bookmarks (4000 each)	2	2	2	2

MONTANA STATE LIBRARY

10

LIBRARY OPERATIONS

FY 93  
BaseFY92  
BaseFY91  
EnactedFY90  
Actual

# Division for the Blind and Physically Handicapped

Patrons Served	2,400	2,400	2,400	2,400
Books Circulated	113,696	113,696	113,696	113,696
Requests responses	7,851	7,851	7,851	7,851
Book excess	50	50	50	50
MCBs produced	25	25	25	25
Volunteers supervised	72	72	72	72
Books added	11,000	11,000	11,000	11,000
CMLS transactions	3,117	3,117	3,117	3,117
Cassettes repaired	950	950	950	950
Patrons contacted by mail	5,720	5,720	5,720	5,720
Direct mail magazines	212	212	212	212
Catalogs distributed	3,867	3,867	3,867	3,867
Hospitals served	22	22	22	22
Nursing Homes served	72	72	72	72
Schools served	47	47	47	47
Machines to Pioneers	812	812	812	812
Cassettes duplicated	2,315	2,315	2,315	2,315
Direct mail cancellations	222	222	222	222

## Institutional Library Services

Contracts managed	4	4	4	4
Institutions reviewed	10	4	4	4
Consultations w/ D of L	2	4	4	4
LaserCat updates (MSH, MSP)	4	4	4	4
MSH books circulated	1,826	1,826	1,826	1,826
MSH interlibrary loans	391	391	391	391
MSH Music room uses	3,458	3,458	3,458	3,458
MSH newspaper/magazine use	1,539	1,400	1,400	1,400

## Administration

	<u>Actual</u>	<u>FY90 Enacted</u>	<u>FY91 Base</u>	<u>FY92 Base</u>	<u>FY93</u>
Library Commission Meetings		6	6	6	6
Library Services Advisory Council Meetings		4	4	4	4
Payroll prepared for 34 Employees		26	26	26	26
Financial Documents Prepared		1,704	1,704	1,704	1,704
Purchasing Documents Prepared		152	152	152	152
Employees Hired		8	8	8	8
Comm/Coun/Misc Mailouts		35	35	35	35

## INCREASE OR DECREASE FROM BASE

Personal Services - Increase of \$1439 in FY92 and \$1433 in FY93. This increase is due to an increase in worker's compensation.

Grants - Grants have been broken down from the general grants code to make a distinction between state and federal grants. The decreases of \$11,839 in FY92 and \$14,768 in FY93 are due to the anticipated decline in coal severance tax revenue. These decreases will impact the grants to library federations.

Personal Services - Increase of 1.00 FTE and \$17,762 in FY92 and \$17,723 in FY93.

Operating - Increase of \$2122 in FY92 and \$1728 in FY93

Equipment - Increase of \$2790 in FY92

The general fund increase of \$22,674 in FY92 and \$19,451 in FY93 is for one additional FTE in the Library for the Blind and Physically Handicapped and the associated operating costs and equipment.

The additional FTE will help alleviate the increased workload associated with a 93% increase in the number of books circulated which has occurred over the past 10 years. In one year, from 1988 to 1989, there was a 32% increase in book circulation. There has been no increase in the staff over the past 10 years to handle the increase in workload.

The Montana State Library for the Blind and Physically Handicapped has received citations on their federal program review for using volunteers to replace paid staff. As 69% of the L.B.P.H. funding is supplied by federal sources, this is a serious issue.

The following comments from the director of the Retired Senior Volunteers Program, the major source of our volunteer help, explains the difficulty we are having retaining some of our volunteers. "They become overwhelmed by the amount of work that exists in the library. They want to help so badly and feel like they have failed when they can't do all that is needed." She further states, "A volunteer should not take the place of a staff person but should be there to provide support."

# NATURAL RESOURCE INFORMATION SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr Recommended	Base	Incr/Decr Recommended
Full Time Equivalent Employees	4.05	4.85	4.85	-85	4.00	-85
Personal Services	85,955.18	119,567	128,435	-19,080	109,355	-18,986
Operating Expenses	96,954.55	131,340	122,472	16,673	139,145	16,579
Equipment	12,601.40	22,250	22,250	-17,250	5,000	-17,250
Transfers	0.00	0	0	325,000	325,000	325,000
Debt Service	53,789.11	61,801	61,801	-61,801	0	-61,801
Total Agency Costs	\$249,300.24	\$334,958	\$334,958	\$243,542	\$578,500	\$243,542
State Special Revenue Fund	227,874.69	318,866	25,000	226,000	251,000	226,000
Federal Special Revenue Fund	21,425.55	16,092	309,958	17,542	327,500	17,542
Total Funding Costs	\$249,300.24	\$334,958	\$334,958	\$243,542	\$578,500	\$243,542
						\$578,500

## OVERVIEW

The overall purpose of the **Montana Natural Resource Information System** is to improve statewide efforts to manage the ever-expanding amount of natural resource data and make existing sources more accessible. NRIS helps users avoid increasing data collection and management costs and ensures the best information is quickly at hand for critical decisions. NRIS operates a clearinghouse and referral service, and helps coordinate among agencies and organizations that collect, manage, or use the same types of natural resource information to prevent duplication of effort and promote information sharing. At the same time, NRIS helps professionals make information technology choices, especially data managers hoping to share information with different departments and/or with public and private data users. NRIS has four main components:

**Montana Natural Heritage Program** maintains a computer-assisted inventory of Montana's biological resources, emphasizing rare, threatened, or endangered plant and animal species and biological communities. The Natural Heritage Program is operated through a contract with The Nature Conservancy, which operates similar heritage programs in all 50 states and several foreign countries.

**Montana Water Information System** is the starting point for locating water resources information in Montana, such as data on surface water, groundwater, water quality, riparian areas, water rights, climate data, etc.

**Montana Geographic Information System** provides technical assistance for statewide GIS projects and to agencies developing in-house GIS capability.

NRIS inventories data available for GIS applications and coordinates GIS data standards and sharing throughout the state. The principal project is to provide GIS services to the DHES in support of Clark Fork Superfund Cleanup activities.

**Montana Natural Resource Index** is a geographical and subject area indexing system for existing data sources (including both published and unpublished sources).

## GOALS

There are nine primary goals of the Natural Resource Information System:

- I. Participate in the design and development of uniform, easily accessible, statewide data bases for each of Montana's natural resources.
- II. Maintain and continue to develop the Montana Natural Resource Index.
- III. Maintain, refine, and continue to operate the Montana Water Information System (MWIS) in cooperation with DNRC.
- IV. Administer the development, maintenance and operation of the Montana Natural Heritage Program (MNHPP).
- V. Manage a timely, cost-effective clearinghouse and referral service to link users with the best sources of information.

- VI. Negotiate cooperative agreements with state and federal agencies to secure support for project goals.
- VII. Participate in the design and development of a geographic information system (GIS) to serve state needs.
- VIII. Market and promote the use of NRIS programs.
- IX. Evaluate the programs to ensure effectiveness and produce status reports.

#### AUTHORIZATION

90-15-101, et  
seq., MCA

The Montana Natural Resource Information System (NRIS) and the Montana Natural Heritage Program were created by the Montana Legislature in 1983 as a "comprehensive program for the acquisition, storage, and retrieval of existing data relating to the natural resources of Montana." In the 1985 legislative session, responsibility for the program was transferred to the Montana State Library. Nine agencies are named by statute to sit on an Advisory Committee that directs the development of the system.

#### BASE PROGRAM

- I. Participate in the design and development of uniform, easily accessible, statewide data bases for each of Montana's natural resources:
  - A. Serve as a liaison to and coordinate among agencies that collect, manage, or use the same types of natural resource information to prevent duplication of effort and promote information sharing; conduct at least three seminars or workshops among state and federal data managers to discuss ways to improve data sharing and transfer among agencies and to develop standards for the collection of new data to ensure quality and compatibility;
  - B. Provide computer systems design assistance to agencies wanting to automate important manual data bases (i.e. the Department of State Lands, Coal Mine Monitoring files) -- help choose data base software, develop basic data base designs (data structuring), investigate funding sources for automation projects, etc.;
  - C. Develop and maintain a Bulletin Board System (BBS) to increase data sharing, information exchange, and accessibility to natural resource data files.

#### MONTANA STATE LIBRARY

- I. Cooperate with Montana State Library efforts to tie into other BBS's efforts statewide, and to purchase the necessary software and hardware; and
- 2. Design custom user menus and BBS programming for an in-house system or as part of an established statewide system to meet NRIS objectives;
- D. Implement a strategy to provide on-line access to the indexing systems, water data bases, and Heritage data bases to accommodate increased public use of the data bases by refining software programs that facilitate self-directed data searches/retrievals, and developing a coordinated strategy to provide remote access to the data bases to the public and to state agencies;
- II. Maintain and continue to develop an automated geographical and subject area indexing system, the Montana Natural Resource Index, as a primary reference tool in locating existing documents and other natural resource data sources, including both published and unpublished sources:
  - A. Conduct at least five surveys of natural resource data holdings at local, state and federal agencies where such holdings may represent vital and significant additions to the indexing system;
  - B. Review natural resource reports and documents containing data that may represent worthwhile additions to the indexing system;
  - C. Collect and input at least 500 records per year with references to natural resource data and actual data on the indexing system, including references to complete collections housed at government agencies;
  - D. Maintain an updated directory of all environmental impact statements conducted in Montana;
  - E. Develop and maintain linkages with natural resource document holdings at the Montana State Library (i.e. federal documents) and Montana University System libraries (e.g. research reports, masters and Ph. D. theses, etc.); establish direct, on-line access as demanded; and
  - F. Produce and distribute a directory of all automated geographic data, including digital data, polygon data, and geographic information systems for the state of Montana.

### III.

Maintain, refine, and continue to operate the Montana Water Information System (MWIS) in cooperation with DNRC:

- A. Maintain and improve access to all major federal, state, and local water resource data bases networked through MWIS, including but not limited to WATSTORE, STORET, NAWDEX, SNOTEL, QSAR, HYDRODATA, MONTANA RIVERS STUDY, among others; maintain timely linkages to "real-time" data; improve methods of locating sources of water data and methods of retrieving data:
  1. Increase access points by helping agencies purchase necessary hardware and/or software to enable on-line, remote, and synchronous access to important data sources and indexes;
  2. Provide backup to data management personnel at natural resource agencies responsible for serving external water resource data requests;
  3. Maintain, continue to update, and provide efficient access to a current "Directory" of water resource data sources;
  4. Facilitate the use of NAWDEX as a primary index to sources of water data; develop interface software to make it easier for Montana agencies to enter new data and/or update existing data on NAWDEX;
  5. Develop and maintain a "Data Gap Log" to indicate geographical areas where insufficient data exists to meet identified user needs; and
  6. Develop and maintain a Project Tracking system by which water resource organizations can list their current and anticipated data collection projects as well as stay abreast of projects of other organizations; consult with affected agencies in designing and refining a useful system; integrate the Tracking System into the NRIS/MSL BBS.
- B. Provide training on all aspects of the Montana Water Information System, including how to use all data bases accessed by the System. Training will focus on descriptions of the information available from each data base, and on intensive, "hands-on" exercises to learn how to conduct data searches and retrievals;

1. Develop a training curriculum and appropriate training materials; also develop evaluation tools to measure effectiveness of the training and value to participants;
  2. Arrange for instructors from the USGS, USSCS, and USEPA to provide custom, one-day training sessions on WATSTORE, SNOTEL, and STORET, respectively; arrange other instructors as appropriate;
  3. Conduct a series of "internal" cross-training sessions for appropriate Montana State Library staff, including selected NRIS staff; and
  4. Conduct a series of "external" training sessions for frequent MWIS users, such as public library reference staff, data management personnel at water resource agencies, local governmental planners, and interested persons.
- C. Coordinate the development of new data management tools, such as Geographic Information Systems, to facilitate their use among water resource organizations:
1. Acquire GIS training for the Water Information Specialist and Data Base Technician.
  2. Conduct a series of meetings with state water resource agencies interested in GIS applications to discuss potential GIS uses, identify and prioritize thematic data layers, discuss details concerning data requirements to produce the need layers, and investigate ways to acquire data.
- IV. Administer the development, maintenance and operation of the Montana Natural Heritage Program (MNHP), a complex set of relational data bases of detailed information on Montana's rare and endangered species, biological communities, managed areas, and supporting bibliographic resources;
- A. Continue to maintain, revise, update and develop all data bases managed by the Program, including:



1. The ranked checklist of all Montana vertebrates and of high-ranking plants; ranks are assigned both for global status and for state status, and are based on the system utilized by The Nature Conservancy in more than 60 other heritage programs throughout the United States and selected foreign countries;

2. The list of more than 600 computerized abstracts on each vertebrate species in the state, giving taxonomic status, range, breeding requirements, etc.; initiate a similar data base for Montana plants;

3. The site-specific element occurrence records from a projected level of 3,000 after FY 1991 to 4,000 for the FY 1992-93 biennium; and

4. The listing of more than 2,600 pertinent secondary source abstracts, including interviews with experts on the occurrences of high-ranking elements of diversity in the state; target for FY92-93 is 3,500 source abstracts.

B. Develop, produce, and distribute reports and/or other output products (i.e. non-written formats) designed to disseminate natural heritage data effectively to state, federal, and local agency users:

1. Produce and distribute a status report on the highest-ranking elements processed into the natural heritage system; list elements by taxonomic order and provide information on the biological and legal status of each, and special management by government agencies; maintain access to the data base containing these elements, and provide output organized by county, by latitude and longitude, or by township, range, section, or any of the numerous output options available through the programming software;

2. Prepare species-specific status reports on Montana's rarest flora and fauna as funding permits. Conduct research, inventories, and status reviews on 6-10 species per year. Reports will be distributed to resource management agencies;

3. Produce a report on the extent to which information from the Source Abstracts has been incorporated into the data base; and

4. Identify other standard or repetitive needs of data users, and develop a custom report format designed to meet such needs; produce and distribute reports as designed;

C. Network with neighboring state heritage programs, state and federal agencies, and academic institutions --solicit input and exchange data to support data base development, growth, and use:

1. Provide technical expertise in the areas of botany, ecology, and zoology as appropriate and requested; and

2. Participate on data coordination committees of various federal and state agencies working with the biological resources of Montana.

D. Support and participate in the design and development of a geographic information system (GIS) to serve natural heritage program needs:

1. Provide technical support in transferring heritage data files to GIS data formats, as requested, to ensure compatibility and accuracy;

2. Identify and prioritize thematic data layers pertinent to biological resources, discuss details concerning data requirements to produce the needed layers, and investigate ways to acquire any additional data needed; and,

3. Recommend formats for GIS data output that serve the needs of heritage data users.

V. Manage a timely, cost-effective clearinghouse and referral service to link users with the best sources of information:

A. Respond to at least 200 standard requests plus 25 major research requests for natural resource information from private citizens, government agencies, businesses, universities, and other interested users; and

B. Design and Implement a user fee charging system for private users of the NRIS/MWIS/NHP/GIS data bases and services, as per Montana legislation passed in 1989 (H.B. 775 -- refer to Attachment D of this contract agreement). Coordinate approval of the policy by the Natural Resource Data System Advisory Committee by October 1, 1989, and submit the policy to the Department upon receipt of approvals required.

VI. Negotiate at least three cooperative agreements with state and federal agencies to secure support for project goals and to provide specific data management services that are consistent with project goals. These agreements contribute to base funding for the NRIS/MWIS/Heritage programs and projects, and maximize the use of program resources.

VII. Participate in the design and development of a geographic information system (GIS) to serve state needs; secure contracts to provide GIS-based services to state agencies; promote coordination among state and federal agencies in Montana developing their own GIS's.

VIII. Market and promote the use of NRIS including the indexing system, the Water Information System, and the Natural Heritage Program data bases:

A. Update and disseminate descriptive program information targeted to past and prospective users (i.e brochures, fact sheets, etc.);

B. Establish a process to make interested persons aware of new sources of natural resource information on a quarterly basis; and

C. Prepare and present papers and information posters at scientific, professional, and trade union meetings as appropriate opportunities arise and resources permit.

IX. Evaluate the programs on an ongoing basis and produce status reports as requested and as specified in various contracts:

A. Conduct at least four meetings of the Natural Resource Data Management System Advisory Committee and act on advice and guidance offered;

B. Produce semi-annual reports describing program progress and outlining future activities; and

C. Develop and produce a long-term strategic plan to sustain the NRIS, MWIS, and Heritage programs, including funding mechanisms, objectives, and resource allocations/plans.

# **BASE FUNDING**

The Natural Resource Information System Program is funded by a consortium of state and federal grants and contracts. It is anticipated that the same grants and contracts currently funding the base will be pursued and secured in FY 92 and FY 93.

State: Fish, Wildlife and Parks license fees \$25,000

Federal: GIS Superfund for Clark Fork cleanup \$278,866  
BPA funds for the rivers study \$ 16,092  
(The BPA funds do require a match of state funds)

## Performance Indicators

Please note that the performance indicators outlined below cover all current operations of NRIS, including operations funded by both legislative appropriations and administrative appropriations. It should be noted that the goals outlined for FY 1992-93 are projections only since all NRIS funding is derived from grants and contracts which stipulate specific objectives in the scopes of work. Consequently, the goals for FY 1992-93 will be dependent on the level of funding for that biennium and the sources of funds for the biennium, with each funding source controlling the direction of NRIS and the development of programs.

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<b>Technical Assistance to State Agencies on Data Base Development</b>				
Workshops on data base use	3	3	3	3
One-on-one design assistance to agencies	3	3	3	3
Sustain EBB access	Y	Y	Y	Y
Sustain on-line access	Y	Y	Y	Y
<b>Maintain the MNRI</b>				
Survey/review agency holdings	3	2	3	2
Records input	500	500	500	500
Update EIS directory	Y	Y	Y	Y
Maintain links with university holdings	Y	Y	Y	Y
Maintain GIS Data Directory	Y	Y	Y	Y
Records maintained	8,500	9,000	9,500	10,000

**Maintain Montana Water Information System (MWIS) with DNRC**

Maintain access to all major water resource data bases	Y	Y		
Increase access points	1	1		0
Maintain Water Data Dir	Y	Y		Y
Maintain NAWDEX Interface	Y	Y		Y
Maintain "Data Gap Log" and Project Tracking System	N	Y		Y
Execute GIS applications in water resources	3	3		3

**Administer the Montana Natural Heritage Program (MNHP)**

Databases maintenance (no of records updated)	5,600	7,000		8,400
Databases development (no of records added)	300	300		300
Update ranked checklist of all Montana vertebrates and of high-ranking plants	Y	Y		Y
Produce species reports	5	5		5
Network and render technical expertise in pertinent areas	Y	Y		Y
Participate on data coordination committees	4	4		4
Execute GIS applications in biological data areas	3	3		3

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
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**Manage a data clearinghouse  
and referral service**

Respond to basic requests	200	200	200	200
Respond to major requests	25	25	25	25
Maintain user fee system	Y	Y	Y	Y

**Negotiate cooperative agreements with state and federal agencies**

	3	3	3	3
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**Develop GIS for state agencies**

Secure contracts to provide GIS-based services	3	3	3	3
Provide technical assistance to state agencies (one/one)	5	5	5	5

**Promote the use of NRIS**

Update fact sheets	Y	Y	Y	Y
Publish GIS news	4	4	4	4
Present exhibit	6	6	6	6

**Evaluate the programs**

Conduct NRDSAC meetings	4	4	4	4
Produce status reports	2	2	2	2
Produce long-term strategic plan	1	0	0	1

## INCREASE OR DECREASE FROM BASE

This is the first year in which there has been a budget established to fund the core of the N.R.I.S. program. During the last biennium a budget needed to be quickly established for the grants and contracts we anticipated receiving. This budget became necessary after the statutory appropriation, which this program has received since its inception, was eliminated during the legislative session.

Funding for this budget will be received from a combination of Fish, Wildlife and Parks license fees - \$50,000 each fiscal year, RIT funds - \$188,500 each fiscal year, and State Lands/O.S.M. funds - \$15,000 each year.

The \$253,500 each year will be supplemented by other grants and contracts, anticipated to be approximately \$325,000 per fiscal year. The major source of these funds is expected to be the E.P.A. superfund grant of \$12,500 each year. State special revenue of 12,500 each year accounts for the balance of the contracts authority funding.

Contract authority in the amount of \$325,000 per fiscal year is being requested to facilitate the establishment of these contracts and to expedite the starting date of the requested services.

The increase of \$243,542 is due to the change of funding sources and the request for contract authority. During FY90, authority in the amount of \$172,313 in administrative appropriation and \$47,578 in budget amendment appropriation was received. These amounts are not reflected in the base budget.

It is anticipated that the combination of the new core funding and the contract authority will eliminate the necessity of requesting administrative and budget amendment appropriation during the biennium.







# *The Montana Historical Society*

*dedicated to preserving Montana's heritage  
since 1865*





MONTANA HISTORICAL SOCIETY

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# MONTANA HISTORICAL SOCIETY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	49.28	48.76	48.28	.00	48.28	48.28	.00	48.28
Personal Services	1,180,017.82	1,321,656	1,292,124	2,912	1,295,036	1,290,904	2,904	1,293,808
Operating Expenses	725,838.87	778,901	784,152	55,173	839,325	790,551	41,673	832,224
Equipment	77,150.72	31,939	26,046	42,659	68,705	26,583	-4,522	22,061
Grants	134,615.52	350,000	350,000	0	350,000	350,000	0	350,000
Transfers	45,879.00	41,320	41,320	6,769	48,069	41,320	7,119	48,439
Debt Service	70.80	0	0	0	0	0	0	0
Total Agency Costs	\$2,163,572.73	\$2,523,816	\$2,493,642	\$107,493	\$2,601,135	\$2,499,358	\$47,174	\$2,546,532
General Fund	1,150,693.85	1,246,502	1,223,328	37,243	1,260,571	1,226,246	7,296	1,233,542
State Special Revenue Fund	200,284.69	230,547	194,306	322	194,628	193,967	322	194,289
Federal Special Revenue Fund	397,085.11	599,991	606,266	27,279	633,545	606,690	2,437	609,127
Proprietary Fund	415,509.08	446,776	469,742	42,649	512,391	472,655	37,119	509,574
Total Funding Costs	\$2,163,572.73	\$2,523,816	\$2,493,642	\$107,493	\$2,601,135	\$2,499,358	\$47,174	\$2,546,532
Administration	644,735.52	709,642	641,760	12,161	653,921	643,762	12,163	655,925
Library	451,642.98	436,448	444,372	-169	444,203	444,982	-173	444,809
Museum	206,391.84	243,598	242,425	30,718	273,143	242,314	716	243,030
Magazine	461,388.08	494,845	517,811	56,522	574,333	520,524	37,489	558,013
Historical Sites Preservation	399,414.31	639,283	647,274	8,261	655,535	647,776	-3,021	644,755
Total Program Costs	\$2,163,572.73	\$2,523,816	\$2,493,642	\$107,493	\$2,601,135	\$2,499,358	\$47,174	\$2,546,532

Magazine Program has three sub-units: Magazine, Press and Merchandising

## MISSION AND GENERAL DESCRIPTION OF THE AGENCY

The Montana Historical Society is one of the oldest of state agencies, founded 1865 by the First Territorial Legislative Assembly. Its major responsibilities are the acquisition, preservation and provision of public access to the things of history.

The agency is authorized by 22-3-101, MCA. Operational parameters are provided in 22-3-103 through 22-3-523, MCA. Organizationally, the agency consists of an Administration Program which includes the Director's Office, Central Services, Security and an Educational unit. Further, there is a Library Program which consists of Library, Archives and Photo Archives units. There are also Museum, Magazine and Historical Sites Preservation Programs. The

The mission of the agency has remained practically unchanged in the past one hundred and twenty-five years with collections, access and preservation being constant. What has changed are methods and tools. Computers and word processors, conservation labs, film and television, tape recorders, photography, photocopies and many other devices and techniques have impacted Society activities.

The results of Society operations over a century and a quarter are collections valued at \$43,254,550 and public desire for various forms of access commensurate with the importance of the collections. What is represented by these collections is the most significant body of Montana and Western

Americana in the northern West. Access is provided to the public by exhibits, tours, research, publications, and public programs.

With public visitation of 115,000 in fiscal 1989 and many thousands of others viewing travelling exhibits or attending public programs, receiving research help by letter, telephone or interlibrary loan, reading Society publications, receiving technical assistance from various program staff, or receiving instruction based on loaned classroom aids in Montana history, access to Society programs and collections has increased considerably from the small numbers that visited a single reading room one hundred years ago.

General fund provides the financing for base functions of the agency. Donations, proprietary and federal dollars support most major exhibits, outreach, much acquisitions, publications, education and consultation.

In summary, the agency is a mix of activities and funding, appealing to a diverse audience through its collections and programs. Public access and programs are the visible face of the Society, acquisition and preservation of the state's heritage are an equally important component of the agency's mission.

ORGANIZATION CHART ON THIS PAGE



## AGENCY ORGANIZATION

The mission, responsibilities and activities of the Society are carried out by five programs.

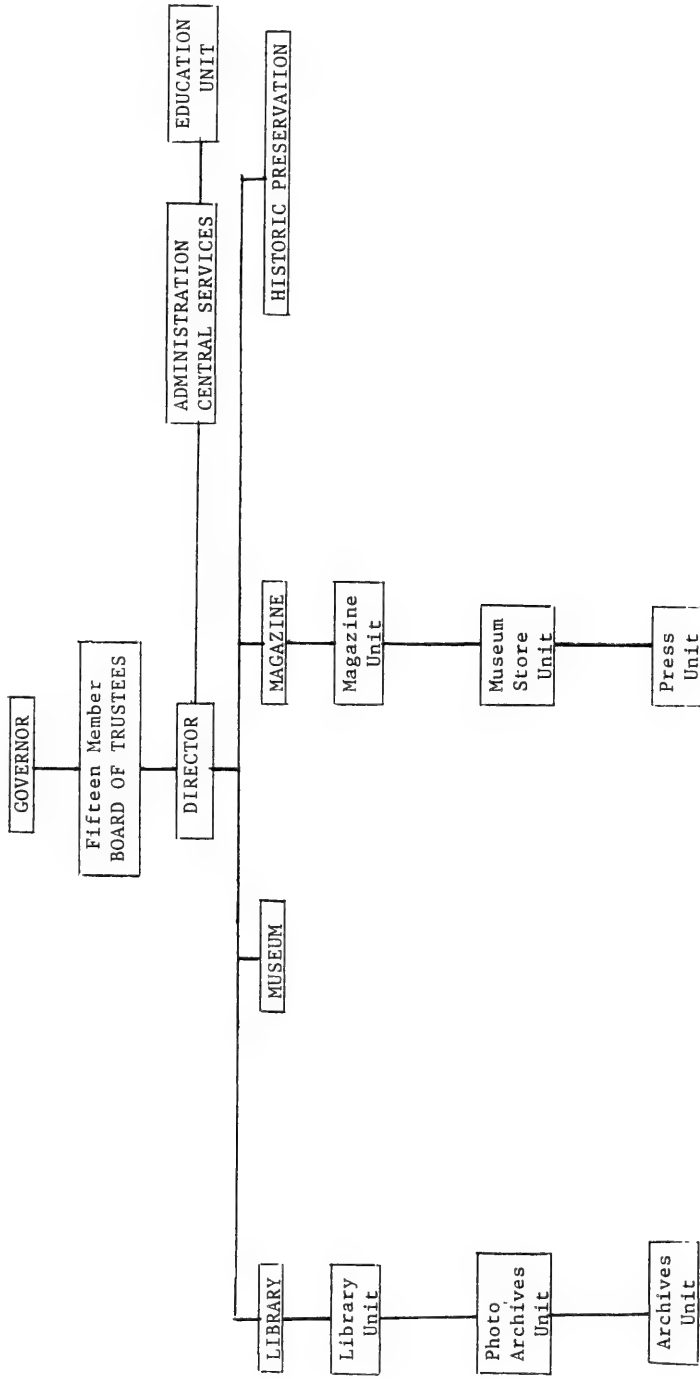
**Administration** - The Director's office, Central Services, Security and Education are components of the Program. The Director provides overall administration of the agency, fund-raising, and public relations. Central services has as its responsibilities budgeting, accounting, fiscal reporting and forecasting, cash handling, accounts receivable and payable, payroll and personnel, building management, purchasing, and planning. Security provides security and camera system monitoring and maintenance, visitor information, exhibit oversight and visitor control. Security also is involved in reception and telephone answering, mail flow, building maintenance oversight. Education provides public programs, coordinates volunteers, administers tours of the capitol and the Society's exhibits, and provides history footlockers and video presentations for classrooms.

**Library** - This program is the primary research arm of the Society. It has three operational units, the Library holds printed and microform materials and operates the main reference room. Collections include Montana newspapers, the Montana book collection, State documents, maps, broadsides, vertical files, and periodicals. The Photo Archives unit collects and provides access to photographs in all mediums and historical films and videos. The unit operates a smaller reference room and associated darkroom to provide photographic prints from the Society's holdings to the public. The Archives unit is the official state archives, repository of permanently valuable state records, as well as holding the finest collection of private manuscripts and oral histories in the state. Reference to these collections is provided through the Library reading room.

**Museum** - The Museum Program collects artifacts and artwork reflective of Montana and the surrounding region. Collections are particularly strong in C. M. Russell, ethnography, firearms, household goods, and textiles. These collections, plus other Society materials and those borrowed from other Museums provide the basis for art and history exhibits which are planned, interpreted and mounted or fabricated by Museum staff. Staff also operate and care for the Original Governor's Mansion and provide tours to groups and individuals.

**Magazine** - The Magazine Program is the publishing and merchandising arm of the Society. The Program produces **Montana the Magazine of Western History**, the largest circulating state historical journal in the United States. It also operates the Montana Historical Society Press which publishes work in history that might otherwise not be printed by commercial presses. Further, the program operates a merchandise store and mail order service specializing in Montana books and C. M. Russell prints. "Profits" from the merchandise activity are devoted to subsidizing press publications.

**Historical Sites Preservation Program** - The Preservation Program is mandated by both federal and state laws. Its major responsibilities are to develop a stated register of historic and archaeological sites, to nominate appropriate sites to the National Register of Historic Places, to survey throughout Montana for potential individual sites or historic districts for possible nomination, to operate a regrant program for local governments and individuals to survey and/or rehabilitate historical properties, to certify for federal tax credits rehabilitation work on historical register properties, and to provide technical expertise for treatment of historical properties.



## ADMINISTRATION PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Deer Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Deer Recommended
Full Time Equivalent Employees	14.50	14.50	13.50	.00	13.50	.00
Personal Services	363,677.68	422,109	360,698	810	360,235	812
Operating Expenses	280,657.84	287,533	281,062	11,351	283,527	11,351
Equipment	400.00	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$644,735.52</b>	<b>\$709,642</b>	<b>\$641,760</b>	<b>\$12,161</b>	<b>\$643,762</b>	<b>\$12,163</b>
General Fund	487,749.54	527,361	475,044	8,464	477,550	8,466
State Special Revenue Fund	89,797.98	148,519	132,948	0	132,441	0
Federal Special Revenue Fund	67,188.00	33,762	33,768	3,697	33,771	3,697
<b>Total Funding Costs</b>	<b>\$644,735.52</b>	<b>\$709,642</b>	<b>\$641,760</b>	<b>\$12,161</b>	<b>\$643,762</b>	<b>\$12,163</b>
						<b>\$655,925</b>

### OVERVIEW

The Administration Program provides administration, fundraising, management, coordination, accounting, security, budgeting, educational outreach, personnel, purchasing, and building management for the agency.

### GOALS

To provide overall management to the agency to accomplish the mission and responsibilities of the agency to the public and the collections.

To operate the agency in an efficient manner consistent with state law and policy.

### AUTHORIZATION

- 22-3-101 MCA Historical Society
- 22-3-107 MCA Authority of the Board
- 22-3-108 MCA Function of Director
- 22-3-111 MCA Financing of Society

### BASE PROGRAM

The Director's Office of the Administration Program is engaged in supervision of the five programs of the agency and management of the agency to achieve its goals and statutory responsibilities. Further, the Director must serve as spokesman of the agency, particularly to public groups but also to the appropriate branches and agencies of government. To accomplish the goals and statutory requirements of the Society, the Director and his personal staff are heavily involved, on an ongoing basis, with fundraising efforts which contribute substantially to the success of agency projects. Public appearances and fundraising as well as solicitation of collections by the Director requires a significant amount of time and travel which is crucial to agency goals.

Central Services provides all support services to all agency programs and also manages the Security unit. The work of this unit (4 FTE) includes budgeting, accounting, fiscal reporting, maintenance and operation of SBAS on-line, all personnel matters, cash handling, accounts receivable and payable, property control, payroll, building management, expenditure review, contracts, monitoring of federal grants, and purchasing. The staff of this unit provides answers to agency staff and administration on these and associated matters. Further unit staff represent the agency in transactions with appropriate government agencies such as Legislative Auditor, the budget office and Accounting Division.

The Security unit provides overall security for the agency including maintenance of the intrusion security system, passive observation of visitors, crowd control for public events, checking of parcels, bags, etc. when visitors and staff depart, and providing emergency and accident response. As important is the public information aspect of the responsibilities for the security staff (4.5 FTE). Each staff member must be prepared to courteously provide information to visitors on the exhibits, Montana history, travel in Montana, sites and services in Helena and to answer other questions as is needed.

The Education unit, supervised by the Director, is responsible for the interpretation of Montana history, art and culture through tours, school services, conferences, workshops, classes, and other public events. The nature of interpretation requires interdepartmental cooperation, including cooperative relationships particularly with the Magazine Program and Museum Program. Because of the Education unit's extensive use of volunteers in interpretive efforts, the administration of the volunteer program (Friends of the Society) also falls within the scope of the unit's responsibilities.

#### **BASE FUNDING**

The Administration Program is funded primarily with general fund. The Director's Office, Central Services and Security are funded with general fund. The only exception is federal funds assessed as indirect costs which partially support Central Services. The Education unit is supported by donations revenue and a small federal grant. In addition, accommodations tax statutorily appropriated is used to support capitol tours and tourist related projects, such as historical sign placement.

# PERFORMANCE INDICATORS

Workload Measure	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
<u>Security</u>				
-- Number of Visitors	101,364	108,000	102,000	110,000
-- Number of Inspections	2,665	2,700	2,754	2,754
<u>Clerical</u>				
-- Correspondence	6,294	7,000	8,000	8,000
<u>Accounting</u>				
-- Contracts & Grant Awards Monitored	49	50	50	50
-- SBAS Doc. Processed	3,135	3,000	3,000	3,000
-- Checks Processed	11,569	11,600	11,600	11,600
-- Accounts Receivable				
-- Statements Processed	840	850	850	850
-- SBAS Centers Reviewed	516	516	516	516
<u>Budget</u>				
-- Budget Documents Processed	50	50	50	50
-- Programs Tracked Monthly	5	5	5	5
<u>Personnel</u>				
-- Payroll Forms & Records Processed	1,300	1,300	1,300	1,300
<u>Conference &amp; Public Forums</u>				
-- Attendance by Public	550	1,000	1,500	1,600

# Tours & School Activities

-- Tours of Capitol	9,000	15,780	9,000	16,000
-- Tours of MHS	7,000	13,000	7,000	15,000
-- Tours of OGM	2,000	3,000	1,800	3,000
-- Curriculum Materials				
Audience	8,000	10,000	8,000	11,000
-- Visits to Students				
(local schools)	500	1,000	500	1,200
-- National History Day				
Competition	300	250	300	500

# Administrative Services to Local Museums

-- Traveling Exhibits	8,000	8,000	8,500	10,000
(audience served)			600	650
-- Technical Services	550	550		
-- Speakers Bureau	2,200	2,200	2,400	2,500

# Volunteer Administration

-- Volunteer hours	3,200	3,200	3,500	4,000
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# INCREASE OR DECREASE FROM BASE

An increase of \$3,697 each year of the biennium is added to consulting and professional services (2102) which is added to bring expenditures on historical site signs up to the revenue estimate for the Society's allocation of the Accommodations Tax.

There is an offsetting increase and decrease of \$7,767 each year which reflects a change in third level categories for grounds maintenance paid by the general fund.

A modification increases general fund in travel and honorariums by \$7,654 each year of the biennium to reimburse Historical Society Trustees for travel and a \$50 a day honorarium while on Society business, to comply with statute (M.C.A. 2-15-124 (7) ).

FTE is reduced by .88 (funded by donations which is moved to Program 04 where there is proprietary revenue to pay for them and where they can be put to use. In Program 01 these FTE could not be used because of insufficient donations revenue to pay for them.

A grade 16 1.0 FTE (position #00021) is moved to the Library Program (02) to serve as manager of the Program. this is a reorganization which moves \$37,482 in FY92 and \$37,395 in FY93, all general fund. Previously, this position had been moved from the Library to Administration to provide an assistant director but that function is no longer necessary.

## LIBRARY PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Deer Recommended	Base	Fiscal 1993 Incr/Deer Recommended
Full Time Equivalent Employees	13.50	13.00	13.50	.00	13.50	.00
Personal Services	330,875.83	356,681	368,302	831	368,401	827
Operating Expenses	52,807.43	60,333	62,529	0	62,503	0
Equipment	67,959.72	19,434	13,541	-1,000	14,078	-1,000
Total Agency Costs	<u>\$451,642.98</u>	<u>\$436,448</u>	<u>\$444,372</u>	<u>\$-169</u>	<u>\$444,982</u>	<u>\$-173</u>
General Fund	361,677.02	378,050	406,644	-169	407,086	-173
State Special Revenue Fund	89,965.96	58,398	37,728	0	37,896	0
Total Funding Costs	<u>\$451,642.98</u>	<u>\$436,448</u>	<u>\$444,372</u>	<u>\$-169</u>	<u>\$444,982</u>	<u>\$-173</u>

## OVERVIEW

The Library Program acquires, organizes, and makes accessible to the public a variety of published and unpublished material pertinent to the study of the history of Montana and the surrounding region, and preserves this material for the use of future generations. It is an official depository for state publications, and maintains the official archives of state government.

## GOALS

- |   |   |    |  |           |
|---|---|----|--|-----------|
| - | To expand and improve the state and nation's most comprehensive collection of research materials in Montana history through purchase, donation and exchange.  | -- | To provide technical assistance and specialized professional expertise to other historical societies, libraries, state agencies and local government entities throughout the state to ensure the widest possible identification and preservation of the state's historical research resources. | archives. |
| - | To make these resources accessible and useful to the interested public of all ages through their proper and timely processing, the production of appropriate catalogs, inventories and other finding aids, through the loan of selected, replaceable materials via interlibrary loan, and by participation in the Western Library Network, an automated regional data base. | -  | To support, through research assistance and staff expertise, other programs of the Society in the preparation of exhibits, publications, and other public programs.  |           |

## AUTHORIZATION

222-3-103  
222-3-107  
222-3-201-221



## BASE PROGRAM

The crucial responsibility of the Library program, which has 13.5 FTE overall, is to develop and manage the state and nation's premiere collection of published and unpublished material recording, interpreting and documenting the state's history, and to assist the state's citizens, visitors, and the national research community in the use of these materials, while simultaneously ensuring their preservation for future generations.

The library unit, with 6 FTE, is responsible for the collecting and management of published materials including books, newspapers and magazines, state publications, maps, pamphlets, posters and paper ephemera. It staffs the public reference room through which researchers gain access to materials from both the library and archives collections throughout all week day open hours of the Society, and the Society Librarian provides overall administration of the program. The library's objectives are to assist all patrons in the public reference room to the extent necessary to make their search for information as successful and complete as the collections and staff knowledge allow, to answer all in-state requests for information by mail or phone within one week, and all requests within the month, to catalog and process into the collection all newly-acquired material and backlog material as time allows, to respond to requests for interlibrary loan within 5 days. It will seek to identify and obtain all significant publications pertinent to Montana history published in the given year, including all newspapers and magazines published in the state, and selected materials in broader western history and out-of-print materials as funds allow. The objective in the cataloging and processing functions is to keep abreast of new acquisitions, with additional cataloging of backlog as possible. The reference function anticipates assisting 3,800 patrons annually in the reference room, and providing 4,000 reference responses by telephone and 2,000 by mail, with 10 responses to requests for technical assistance from other institutions. Preservation objectives include the annual microfilming of 90 Montana newspapers, the binding or rebinding of a minimum of 100 volumes, and cleaning, repair or other stabilization work accomplished on an additional 350 items. The projected increase in reference assistance in FY '91-'93 anticipates that, with current staffing remaining stable, the program will be able to staff the reading room on Saturdays as well as week days to improve public access.

The archives unit, with 4 FTE, is responsible for the acquisition and managing of unpublished, primary research material, including manuscripts, personal papers and business records from the private sector, and the official archives of state government. The archives currently holds over 12,000 linear feet of such material. It also collects and processes audio tapes. The State Archivist serves on the state records committee, which oversees the records disposal activity of state agencies, and also reviews, in cooperation with the Department of Commerce, requests from city and county governments for records disposal to

guard against the inadvertent destruction of local government records of high historical significance. Archives staff supervise patrons using archival materials in the public reference room to ensure proper handling of the unique and often fragile material, and to provide reference assistance. The archives aims to answer its reference requests on the day of receipt, or within a week. Current funding compels that most technical assistance, other than to state agencies located in Helena, must be given by telephone or correspondence. Reference objectives are to provide reference service to 400 researchers annually consulting archival materials in the reference room, and respond to 800 information requests by mail or phone, apart from technical assistance to 70 other institutions and agencies. Archivists process collections by identifying and eliminating non-significant material, arranging according to archival principles, and creating folder-level inventories. The processing objective is for each professional archivist to complete at least 200 linear feet per year. Material receives basic preservation treatment such as cleaning, flattening, and storage in proper folders and containers as it is processed and inventoried. The decrease in the amount of material expected to be processed in FY 91 reflects staff time that will be diverted to converting from a manual to an automated, machine-searchable system of indexes and inventories, which should be completed by FY 92. The increase in materials to be acquired and in technical assistance provided reflects the expected completion of both the automation project and a period of concentration on processing a backlog of already-held but unprocessed state records, and the subsequent use of increased available staff time for these other activities.

The photographic archives unit, with 3.5 permanent FTE, is responsible for the acquisition and managing of historical photographs and other visual records, such as videotape and film. It provides access to its collection of over 350,000 images and negatives through a separate reference room adjacent to its collections. Funding and staffing levels do not permit the active collecting, processing and referencing of film and video, which require a large variety of specialized equipment and expensive processes of preservation, including duplication, before they can be used. The public use of the photographic collection differs markedly from that of the library and archives inasmuch as most patrons wish not to simply research the photographs or obtain a photocopy, but to obtain prints of photographs pertinent to their project. Thus this unit operates a photographic lab, with the object of providing prints for a fee within three weeks of the patron's request. The lab also produces copies for reference use of its most fragile and valuable prints, and prints of exhibit quality for Society exhibits. The operating and equipment expenses of this service are funded by generated revenues. Materials receive some basic preservation treatment, such as cleaning and proper folders, as they are accessioned and before cataloging, and the objective here is to provide this treatment for at least 65% of newly-acquired photographs. The section will provide reference assistance to 900 patrons in person annually, to an additional 300 by mail or

phone, and respond to some 30 requests for technical assistance, usually from small Montana museums and libraries, and private collectors. This reference assistance, which usually involves locating photographs suitable to a particular subject from within a larger grouping of images, is especially time-consuming because of the high percentage of the overall collection for which there is no cataloging or detailed inventorying. But this extra time required to provide quality reference service in turn further precludes, with current permanent staff, making adequate progress on cataloging, a vicious circle which has grown more severe in recent years which has seen increased use of the collection both from other programs of the Society, for exhibit and publications, and from the public. It has been temporarily eased by the obtaining of a two-year grant, but the sizable decrease in photographs cataloged and receiving some sort of preservation treatment reflects the loss of the full-time, grant-funded cataloger as of November, 1990.

#### **BASE FUNDING**

The Library Program is predominantly funded with general fund. Some revolving account accrued revenue supports photocopying and photograph reproduction activities provided to the public. A small amount of donated funds from a trust is used to support the purchase of publications on the western range cattle industry.

# PERFORMANCE INDICATORS

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Reference services - number of patrons assisted in person, by mail and phone	12,200	12,700	12,700	12,700
-- Materials acquired				
-- published items (library)	4,000	4,000	4,000	4,000
-- photographs	10,000	10,000	10,000	10,000
-- manuscripts & records (linear feet)	350	350	600	600
<u>Materials cataloged/inventoried</u>				
-- published items	3,500	4,000	4,000	4,000
-- photographs	14,000	5,000	1,500	1,500
-- manuscripts & records (linear feet)	600	300	600	600
-- Photographic prints produced	2,000	2,000	2,000	2,000
<u>Materials receiving some preservation treatment</u>				
-- published (volumes)	540	540	540	540
-- photographs	19,000	10,300	6,500	6,500
-- manuscripts & records (linear feet)	600	300	600	600
Interlibrary loan transactions	580	580	580	580
Technical Assistance Requests				
From Outside Agency Responded	90	90	110	110

## INCREASE OR DECREASE FROM BASE

This is a decrease of \$1,000 per year in office equipment (3112) which reflects a denial of requests for items such as map and microfilm cabinets.

The Grade 16 (position #00021) mentioned in Program 01 is moved to this program as part of a reorganization which removes an assistant director and

provides a program for the Library. This increases general fund in this program by #37,482 in FY92 and \$37,395 in FY93 with a commensurate decrease in Program 01.

## MUSEUM PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr Recommended	Base	Incr/Decr Recommended
Full Time Equivalent Employees	6.90	6.90	6.90	6.90	6.90	6.90
Personal Services	142,506.41	177,503	175,836	396	175,679	394
Operating Expenses	62,606.43	65,820	66,314	322	66,636	322
Equipment	1,279.00	275	275	30,000	275	0
<b>Total Agency Costs</b>	<b>\$206,391.84</b>	<b>\$243,598</b>	<b>\$242,425</b>	<b>\$30,718</b>	<b>\$242,314</b>	<b>\$716</b>
General Fund	185,871.09	219,968	218,795	30,396	218,684	394
State Special Revenue Fund	20,520.75	23,630	23,630	322	23,630	322
<b>Total Funding Costs</b>	<b>\$206,391.84</b>	<b>\$243,598</b>	<b>\$242,425</b>	<b>\$30,718</b>	<b>\$242,314</b>	<b>\$716</b>

### OVERVIEW

The Museum Program of the Montana Historical Society serves the people of Montana and those interested in the history of the state through the acquisition, preservation, and presentation of museum collections. The Museum collection includes diverse historical and artistic objects. They represent all eras of human history of the region.

Public access to these collections is provided through permanent, temporary, and travelling exhibits, and through Museum Program reference services. The Museum staff follows accepted museum practices in the management, care, and display of Museum artifacts (MHS is accredited by the American Association of Museums). The Museum Program assists other educational and cultural institutions, other State of Montana agencies, groups interested in specific areas of museum collections, and other Montana Historical Society programs.

The Museum Program also operates the Original Governor's Mansion (OGM) in Helena as an historic house museum. Regular guided tours are offered April through December; special tours are available by appointment at all times of the year. Special events and educational programs are also offered at the Mansion.

### GOALS

-- To provide educational experiences to the general public concerning the history of Montana and its people, through exhibits, interpretive programs, and public presentations.

-- To provide a pleasant experience at the MHS exhibits and the OGM.

-- To collect and preserve the best physical examples of Montana's diverse human history.

-- To respond to inquiries about the museum collections, provide information about preservation practices, and offer technical assistance to the general public, groups interested in material culture, and the museum and educational community.

### AUTHORIZATION

22-3-101	Historical Society
22-3-103	Independence from other libraries, museums or galleries
22-3-107	Authority of the Board
22-3-501-563	Museum Loan Act

### BASE PROGRAM

The purpose of the Museum Program is to provide (5) education, cultural opportunities, and enjoyment to the public through the (1) acquisition, (2) preservation, (3) interpretation of historic artifacts, fine art and (4) historic properties.



(1) The Museum Program collects fine art and historical, archaeological, ethnological, and cultural artifacts that pertain to the history of the State of Montana and the adjacent geographical region. The Society houses the largest repository of artifacts in the state. These artifacts illustrate not only famous figures and major events but also document the lives of the common and not-so-common pioneers who contributed to the development of the state. The entire collection numbers some 40,000 pieces, 87% of which were donated. The two thousand donors represented in our files reflect a broad cross section of Montanans, from wealthy industrialists like "Copper King" William A. Clark to cowboys, farmers, and miners. Most donors are Montanans, but some are out-of-state donors with ties to the state.

A master inventory of all objects in the collection is kept and is updated monthly. The majority of the Museum collection is comprised of unique items, each having its own associated historical value. Because of the high value of the kinds of objects in the Museum collection, the Society carries special Fine Arts insurance.

One of the services the Museum Program provides is access to art and artifacts from the collection through loans. Qualified cultural institutions may borrow items from the collection for specific exhibit purposes with permission of the MHS Board of Trustees. If a loan is approved, the Museum makes all necessary arrangements. The majority of loan activity is between the Museum and other Montana institutions, though the program does get frequent loan requests from major museums across the nation.

(2) The Museum program is responsible for the preservation of Museum collections. A clean, safe, and controlled environment is paramount to the protection of valuable art and artifacts. The Museum environment is regularly monitored, and pest inspections are conducted monthly.

All items are surface cleaned as they come into the collection. Museum staff are trained in rudimentary conservation techniques which primarily involve safe cleaning practices. Condition surveys are completed as part of the artifact's treatment.

(3) The Montana Historical Society is currently the only museum in the state which interprets the entire range of Montana's human history, both chronologically and geographically. The diverse collections of the MHS are a valuable asset in accomplishing this task. Research is an on-going activity of the Museum staff. Usually, research is conducted in conjunction with an exhibit. Staff follow all avenues available to them - but begin with the artifacts, archival material, library resources, and

photograph collections at the Society. Our permanent exhibits (MONTANA HOMELAND - history, MACKAY GALLERY - Russell art, and F. J. HAYNES: PHOTOGRAPHER) rely heavily on Museum Program-produced historical interpretation. Research on art or artifacts in the collection, however, is equally as important. The Program does regularly respond to the information needs of cultural and educational organizations, other State of Montana agencies, and to Society Programs.

A major responsibility of the Museum Program is to provide history or art exhibits for the public. The Program's exhibit philosophy revolves around three main ideas - an exhibit must be interpretively sound, curatorially proper, and attractive and entertaining. Scholarship, conservation, and design are equally important in all MHS exhibits. The thousands of visitors to the Historical Society each year view a variety of exhibits based on Montana history themes. The major permanent exhibits were all conceived, designed, manufactured, and installed by the Museum staff. Visitors also see at least one temporary exhibit on a visit to the Museum. Most often these exhibits are produced in-house, but occasionally ones circulated by other institutions are shown. Our exhibit plan emphasizes variety in the selection of subject matter for temporary shows. This year a Montana Centennial women's art show, an exhibit celebrating the 150th anniversary of photography, the William Andrews Clark art collection, and "Winter in Montana" have been featured in our temporary exhibit gallery.

Exhibits are also developed by the Museum Program especially for travel throughout Montana. Three shows are being circulated at present, a Centennial quilt show, "The Stack Dominated Our Lives" (a look at Montana's smelter communities based on oral histories), and photographs from "Butte in the Era of the Copper Kings." These exhibits have been cooperative projects involving many MHS staff members. Another travelling exhibit project, co-sponsored with the Department of Highways, is currently being assembled.

(4) The Museum Program also operates the Original Governor's Mansion - a Queen Anne style brick home in Helena that served as the official residence to Montana's governors, 1914-1959. The Mansion is now an historic house museum restored to the 1900-1917 period - years of political prominence and the era best documented. Educational programs to interpret the history of the Mansion to the public are ongoing. Regular and special guided tours offer visitors (including a great number of Montana school groups) the opportunity to explore an important part of Montana's past. Guided tours, maintenance of the room exhibits, care of OGM collections (mostly furniture and decorative

arts, many original to the house), and security are the responsibility of the Museum Program.

(5)

Each year Museum staff respond to inquiries from a variety of sources. Usually people turn to the program for answers to their questions concerning identification of artifacts, care of heirlooms, history of museum collections, Museum Program activities, and sources for specialized information. About 80% of these requests come from Montanans. Museum Program staff assist many local groups who either wish to develop a museum or are trying to improve the one they operate. Regular assistance is provided to both the Moss Mansion in Billings and the Daly Mansion in Hamilton. We also make presentations to or meet with groups such as the Montana Nurses Association, Helena Quilters, Kiwanis Club, the Montana 89'ers, and Carroll College art classes.

Research using our collections is fairly limited, but increasing each year. We provide assistance both to other programs at the Society and to other State agencies, such as the Department of Fish, Wildlife and Parks and the Department of State Lands. Researchers interested in particular segments of the Museum collection range from nationally known scholars like John Ewers (Blackfeet Indians), Dr. Brian Dippie (C. M. Russell art), and Dr. Phil Wilkie (Clovis period archaeology) to hobbyists, collectors, writers, and museum curators investigating artifacts for upcoming exhibits.

#### BASE FUNDING

While the funding of the Museum Program is primarily general fund, two other sources also support operations. Some exhibit interpretation and installation is financed with donations revenue as available. Further, the program provides photography of artifacts and artwork to the public on a cost recovery basis which provides some earned revenue.

# PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
<u>Collections</u>				
-- Donors	121	120	120	120
-- Items Donated	1,050	1,050	1,050	1,050
-- Items Catalogued	650	500	500	500
-- Loan Items - Incoming	63	50	50	50
-- Loan Items - Outgoing	170	150	150	150
<u>Preservation</u>				
-- Condition Surveys	168	75	75	75
-- Treatments	287	100	100	100
<u>Exhibits</u>				
-- Permanent Exhibits	3	3	3	3
-- Major Temporary Exhibits	4	3	3	3
-- Minor Temporary Exhibits	3	3	3	3
-- Travelling Exhibits In				
-- Circulation	3	4	3	4
-- Travelling Exhibits Produced	1	1	1	1
<u>Exhibit Visitors</u>				
-- At MHS	101,364	108,000	102,000	110,000
-- At OGM	7,121	7,500	6,800	7,700
<u>Reference</u>				
-- Public Requests	639	675	710	745
-- Cultural Institutions	75	80	90	100
-- Photograph Orders	61	75	85	95

The Museum has proposed a one-time increase to provide enhancement for exhibit security. This would include sixteen video cameras and associated monitoring devices to cover the very complex "Homeland" exhibit, which has already experienced one \$6,000 theft. Further, to improve communication for the small security staff a set of radios and base station will be provided so that

individual staff can patrol throughout the building. Total cost of these improvements is \$30,000 general fund in FY92.



## MAGAZINE PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Detr Recommended	Base	Fiscal 1993 Incr/Detr Recommended
Full Time Equivalent Employees	6.88	6.88	6.88	.00	6.88	.00
Personal Services	144,629.73	152,011	166,266	373	166,639	370
Operating Expenses	270,679.35	300,963	309,674	43,500	353,174	30,000
Equipment	200.00	551	551	5,900	6,451	0
Transfers	45,879.00	41,320	41,320	6,749	48,069	7,119
<b>Total Agency Costs</b>	<b>\$461,388.08</b>	<b>\$494,845</b>	<b>\$517,811</b>	<b>\$56,522</b>	<b>\$574,333</b>	<b>\$37,489</b>
General Fund	45,879.00	48,069	48,069	373	48,442	370
Federal Special Revenue Fund	0.00	0	0	13,500	13,500	0
Proprietary Fund	415,509.08	446,776	469,742	42,649	512,391	37,119
<b>Total Funding Costs</b>	<b>\$461,388.08</b>	<b>\$494,845</b>	<b>\$517,811</b>	<b>\$56,522</b>	<b>\$574,333</b>	<b>\$37,489</b>
					<b>\$520,524</b>	<b>\$558,013</b>

### OVERVIEW

The purpose of the Montana Historical Society Magazine Program is to heighten awareness of the state's history and encourage its study in all its varied aspects. The program is responsible for: the timely publication of long-standing historical periodicals, books and monographs, and other educational material appearing from time to time. The Magazine Program also coordinates with and lends assistance to other Society programs in publication endeavors. In addition to editorial functions, the Magazine staff provides various informational and reference assistance to the public, coordinates much of its own purchasing and contracting and all its own supervision and review of publication projects, as well as circulation, advertising, and promotional functions related to Society outreach through printed material.

### GOALS

- To provide the Society with the means to promote the study and preservation of the state's history through distribution of printed material.
- To provide educational, interpretive, and enjoyable historical reading material on the history of Montana and the West to professional and general audiences.
- To provide a means for disseminating the results of new historical inquiry and research.

-- To assure that publications on Montana and western history are available to the citizens of Montana, and to a larger interested public, through magazine subscription, book distribution, and MHS museum store merchandising efforts.

-- To assure the greatest possible visibility of and recognition for Montana's rich cultural past and, through promotion of Montana's history, to increase visibility and recognition of the state of Montana itself.

### AUTHORIZATION

- 22-3-107 (15) Promote the study of Montana History by lectures and publications
- 22-3-111 Financing of Society

### BASE PROGRAM

The Magazine Program accomplishes these ends in a number of ways, including publication of such periodicals as the state's historical journal, *Montana: The Magazine of Western History*, and the Society's official newsletter, the *Montana Post*. Both of these publications appear quarterly and circulate to all Montana Historical Society members as well as to various state and regional libraries, schools, teachers, and historical agencies and organizations. The Magazine Program also encourages the study and preservation of Montana history through publication and distribution of monographs, anthologies, pamphlets, and other

books produced under the auspices of the Montana Historical Society Press. Moreover, the Magazine Program promotes interest in the state's history through publication of reports, brochures, and various informational and educational items and by serving as a resource for public and professional inquiries concerning specific MHS activities and Montana history generally. The Magazine Program is divided into three sub-activities: Montana The Magazine of Western History, a sub-activity that includes all MHS periodical publications as well as various informational items; MHS Press; and MHS museum store.

The objective of publishing Montana The Magazine of Western History and the Montana Post is to maintain and stimulate interest in Montana history, to disseminate the results of new historical inquiry and research, to answer the needs and wants of various public and professional groups and individuals seeking information and interpretation of Montana's cultural past, and to inform an interested public of the events and activities connected with the Society. These objectives are accomplished through the solicitation, review, and editorial processing of material to go into these publications, and through their distribution in a timely, effective manner. Montana The Magazine of Western History, with a circulation of more than 10,000, appears in January, April, July, and October each year; the Montana Post appears in March, June, September, and December. The Magazine Program also conceives, designs, produces, and coordinates distribution for brochures, reports, and other informational items routinely, though not on an established, ongoing schedule.

The objective of the MHS Press is to accomplish goals similar to those of the magazine, newsletter, and informational items, except through printing of books and pamphlets. The MHS Press is Montana's equivalent to a university press. It publishes high quality material of intellectual and scholarly credibility that is deserving of publication but which commercial presses often cannot or will not publish. MHS Press issues two to three titles per year and distributes them through Society operations such as the museum store and store catalog, through mail-order, and through distribution agreements with larger university press operations such as the University of Washington Press, which offers national and international distribution and marketing capabilities beyond the scope of MHS Press operations.

The objectives of the MHS museum store are to make MHS publications available to groups, organizations, individuals, and museum visitors, to help underwrite MHS Press operations, and, through personal contact in person at the Society, by telephone, and via correspondence, give the Society, and therefore the State of Montana, an added means of directly serving the public. In addition to merchandise sales, the MHS museum store provides an opportunity for staff to answer informational questions and refer those it cannot help to appropriate sources.

## BASE FUNDING

This program operates on proprietary funds resulting from merchandise sales, magazine subscriptions, and book sales. General fund partially supports two editorial positions as a subsidy to the magazine unit only.

# PERFORMANCE INDICATORS

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
<u>Actual Materials</u> <u>Produced and Distributed</u>				
-- Magazine	40,860	41,000	45,000	47,000
-- Newsletter	31,472	33,000	37,000	39,000
-- Books	13,500	10,000	10,000	11,000
-- Brochures	60,400	10,000	50,000	5,000
-- Reports 500	500	500	500	
-- Museum store catalogs	25,500	27,000	30,000	32,000
-- Direct mail	55,000	145,000	85,000	85,000
<u>Contact with Public</u>				
-- In-store customers	12,500	13,000	13,500	14,000
-- Total store customers	22,500	23,000	27,000	28,500
-- *Phone calls	2,820	3,000	3,100	3,200
-- +Correspondence	10,770	11,000	11,500	12,000
-- **Business correspondence	1,350	1,400	1,450	1,500
-- Presentations, speeches	12	20	25	30
<u>Periodicals - Editorial Work</u>				
-- Manuscripts reviewed	150	160	170	180
-- Photo research (contacts)	127	135	140	140
-- Articles written	55	85	105	110
-- Books reviewed	42	50	60	65
-- Phone calls re: mss	1,550	1,650	1,700	1,750
-- Correspondence re: mss	1,200	1,300	1,400	1,500
-- Contracts re: mss	30	30	35	35
-- Vendor contracts	10	10	12	13

# MHS Press - Editorial Work

--	Manuscripts reviewed	17	23	26	29
--	Photo research (contacts)	10	15	15	20
--	Books produced	2	3	3	4
--	Phone calls re: mss	32	50	50	70
--	Correspondence re: mss	80	120	120	160
--	Contracts re: mss	2	3	3	4
--	Vendor contracts	4	6	6	8

- \* Related to circulations, advertising, vendor services, customer relations, responses to informational inquiries, and general office business
- + Includes office correspondence related to circulation, advertising, and requests for information
- \*\* Includes office correspondence related to merchandise orders, contracting, vendor invoices and services, purchase orders, requisitions, and distribution agreements

## **INCREASE OR DECREASE FORM BASE**

There is an increase of \$6,749 in FY92 and \$7,119 in FY93 in the proprietary account to provide transfer authority to offset personnel cost levels in the general fund appropriation.

An increase to base by way of modification is requested to avoid further budget amendments for the museum store. A total of \$30,000 proprietary authority is requested for each year of the biennium. This reflects the average of the several budget amendments received for the store in the past several years and which would more accurately reflect current level. The authority would be used for the necessary inventory restocking which is required as the year progresses.

The program receives as an increase .88 FTE from Program 01 to accomplish a reorganization. This program is able to pay the costs of these FTE and use them effectively, primarily in inventory control, where program 01 did not have sufficient donations income to utilize the FTE.

The program requests an increase of \$5,900 in FY92 to purchase a computer with printer, software and attendant hardware to provide additional word processing, typesetting and communications capability.

The continuation of a project originally begun with a budget amendment is requested as an increase to complete a booklet on the "Milwaukee Railroad in Montana" which will assist in the mitigation process for future disturbance of Milwaukee cultural resources by highway projects. \$13,500 of federal fund authority would be expended on the project in the fiscal year.

# HISTORIC SITES PRESERVATION PROGRAM

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
	7.50	7.50	Base	Incr/Decr Recommended	Base	Incr/Decr Recommended
Personal Services	198,328.17	213,352	221,022	502	220,700	501
Operating Expenses	59,087.82	64,252	64,573	0	65,397	0
Equipment	7,312.00	11,679	11,679	7,759	11,679	-3,522
Grants	134,615.52	350,000	350,000	0	350,000	0
Debt Service	70.80	0	0	0	0	0
Total Agency Costs	\$399,414.31	\$639,283	\$647,274	\$8,261	\$647,776	\$-3,021
General Fund	69,517.20	73,054	74,776	-1,821	74,857	-1,761
Federal Special Revenue Fund	329,897.11	566,229	572,498	10,082	572,919	-1,260
Total Funding Costs	\$399,414.31	\$639,283	\$647,274	\$8,261	\$647,776	\$-3,021
						\$644,755
						\$644,755

## OVERVIEW

The Historical Sites Preservation Program was created in both federal and state law to encourage the preservation and enjoyment of historic and prehistoric sites. Through regrants, surveys, register nominations, tax act certifications and technical advice the program gives major support to such sites in public and private ownership.

## GOALS

- To equip Montanans with the information, directions, written materials, and background needed to preserve a wide array of significant historic and prehistoric properties around the state.
- To insure Montana's receipt of its portion of the federal Historic Preservation Fund monies and to redistribute portions of that to local organizations to further encourage local government and private sector preservation work.

## AUTHORIZATION

22-3-401 through 22-3-442 M.C.A. The Montana Antiquities Act describes the responsibilities of the State Historic Preservation Office to nominate Montana properties to the National Register, provide public preservation assistance, insure state agency consideration of cultural resources, and secure available federal preservation funds.

MONTANA HISTORICAL SOCIETY

16 U.S.C. 470 The National Historic Preservation Act, as amended, created the National Register of Historic Places, authorization for a related grant program, the concept for state preservation offices, and the framework for state comment on federal agency undertakings affecting historic properties.

## BASE PROGRAM

The 7.5 FTE Preservation Office staff provides Montanans with services, technical assistance, and access to available funding to encourage the preservation of significant historic and prehistoric Montana properties.

Historic preservation is no longer just a good social cause, it is good business. The retention of historic homes, archaeological sites, businesses, public buildings, and landscapes.

- (a) supports Montana's economic development through heritage tourism;
- (b) insures the conservation of building materials;
- (c) encourages labor intensive construction; and
- (d) supports and illustrates Montanans' respect for our rich heritage.

But the state cannot afford to own the array of properties worth preserving. Hence, the Preservation Office is responsible for leveraging, encouraging, and supporting preservation by local governments, the private sector, and landholding federal agencies.



**Specifically our objectives are as follows:**

To list significant Montana sites in the National Register of Historic Places--the nationwide program that recognizes historic, architectural, and archaeological significance. The program helps Montanans research important properties; staff then rewrites draft material into formal National Register nominations that will meet federal requirements. Register listing enables owners to apply for financial incentives as Congress authorizes those and to secure appropriate local recognition in educational and planning efforts.

To provide owners of historic properties with data and technical information they need to care for that property appropriately and economically--via workshops, how-to materials, meetings, onsite visits, and phone calls.

To provide owners of income-producing properties listed in the National Register access to federal tax incentives for appropriate rehabilitation of those buildings. The 20% federal investment tax credit has leveraged 18 million dollars of construction in Montana since 1981. The office advises the availability of this program, provides application materials, and must provide comments, along with the National Park Service, to insure IRS acceptance of the credit.

To apply each year, competitively and successfully, for federal Historic Preservation Fund grant monies, to meet all federal reporting and handling standards, and to redirect significant portions of those grant funds to local projects. These local projects include:

- (a) Systematic architectural, historical, and archaeological inventory of a neighborhood or rural area. This results in multiple property nominations to the National Register and sales material for local historical societies, text for tourism council brochures, and information needed for local interpretive efforts.
- (b) Financial support for local preservation offices and local preservation education efforts. Over a dozen Montana communities now have local preservation ordinances and local preservation commissions and are able to apply for a special category of grant funds to assist with local preservation projects.

- (c) Actual rehabilitation of properties listed in the National Register of Historic Places. After a 10 year period in which no federal funds could be spent on bricks and mortar projects, Congress has lifted the restriction. While the dollars available are minuscule, the program redirects these funds to projects that demonstrate affordable preservation work.

To provide information and assessments to federal and state agencies who must seek program comments on the effect that their actions will have on significant historic and prehistoric resources. Neither federal nor state law requires agencies to preserve all historic resources. But by law agencies must look for ways to preserve historic values, if possible, while still accomplishing their agency mission. Program comments must be sought in that process.

To maintain permanent files on all Montana National Register property, on all systematic inventory efforts conducted in the state, and on sites identified, but not found eligible for listing in the National Register. This information is a research tool for others in the state and the basis for program recommendations on site value as it provides comparative data.

To provide frequent, varied educational preservation presentations to units of government, public groups, and agency personnel.

As an example of office activities, in the first 9 months of this fiscal year, the program's historical architect has encouraged 5 private Montana developers into use of the federal investment tax credits for rehabilitation of historic, income producing properties. He has, as well, assisted each in preparing the documentation required by IRS for use of the credit. Three-quarters of a million dollars of construction resulted--in just those 5 projects.

All the Preservation Office's activities can be understood in the same framework: we use public funds to spur significantly greater levels of private historic preservation research, rehabilitation, care, promotion, education, and planning.

**BASE FUNDING**

The Program is primarily funded by Federal Revenues - certain federally mandated positions and costs are matched 50% by general fund. This also reflects state statutory activities. The remaining costs and positions are paid fully by federal revenues, as are all regrants.

# PERFORMANCE INDICATORS

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Properties nominated to the National Register of Historic Places	630	630	700	750
Certified Local Preservation Commissions served	12	12	15	18
Required federal/state agency consultations	3,095	3,095	3,200	3,200
Tax projects reviewed and forwarded to NPS	6	6	7	7
Nonconstruction and Construction grants awarded	22 127,000	22 170,000	25 240,000	25 240,000
Technical Assistance letters/ meetings/programs	520	520	600	600

## INCREASE OR DECREASE FROM BASE

There is a decrease of \$3,641 in FY92 and \$3,522 in FY93 in category 3134 (single user computers) which reflects a reduction in this category from base. This would reduce general fund by \$1,821 and federal funds by \$1,820 in FY92 and reduce general fund by \$1,761 and federal funds by \$1,761 in FY93.

The program has requested the additional of two computers at a cost of \$11,400 in federal funds to be expended in FY92. These computers would provide additional word processing and enhance entry for and management of the office's cultural resource data base.









DEPARTMENT  
OF  
INSTITUTIONS



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# DEPARTMENT OF INSTITUTIONS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Deer Recommended	Base	Fiscal 1993 Incr/Deer Recommended	
Full Time Equivalent Employees	2,074.20	2,068.40	2,060.19	-175.29	1,884.90	-213.11	1,847.08
Personal Services	51,029,545.27	55,448,721	55,098,954	-4,235,579	50,863,375	-5,253,023	49,991,631
Operating Expenses	16,167,078.13	18,337,579	17,588,217	793,191	18,381,408	790,977	18,594,076
Equipment	559,026.82	642,349	556,606	256,664	813,270	10,746	572,923
Capital Outlay	318,367.91	33,000	16,500	0	16,500	0	16,500
Local Assistance	1,122,592.00	1,105,000	1,090,000	0	1,090,000	0	1,090,000
Grants	7,462,994.12	7,666,708	7,253,672	2,592,552	9,846,224	2,148,999	9,402,671
Debt Service	19,754.37	43,168	37,672	113,095	150,767	31,396	144,225
<b>Total Agency Costs</b>	<b>\$76,679,358.62</b>	<b>\$83,276,525</b>	<b>\$81,641,621</b>	<b>\$-480,077</b>	<b>\$81,161,544</b>	<b>\$-2,189,472</b>	<b>\$79,812,026</b>
General Fund	64,465,386.82	69,920,080	68,925,023	-1,670,328	67,254,695	-2,778,292	66,513,246
State Special Revenue Fund	5,096,858.04	5,716,563	5,480,952	440,206	5,921,158	470,506	5,935,327
Federal Special Revenue Fund	4,485,979.66	4,569,665	4,210,743	776,038	4,986,781	150,288	4,361,000
Proprietary Fund	2,631,134.10	3,070,217	3,024,903	-25,993	2,998,910	-31,974	3,002,453
<b>Total Funding Costs</b>	<b>\$76,679,358.62</b>	<b>\$83,276,525</b>	<b>\$81,641,621</b>	<b>\$-480,077</b>	<b>\$81,161,544</b>	<b>\$-2,189,472</b>	<b>\$79,812,026</b>
Central Operations	1,573,645.00	1,586,956	1,705,912	260,966	1,966,878	249,067	1,955,284
Corrections Systems	24,359,476.03	26,555,340	26,199,875	2,287,216	28,487,091	2,499,562	28,804,435
Mental Health System	29,894,728.83	32,833,358	30,694,238	-2,622,795	28,071,443	-2,936,519	27,927,493
Chemical Dependency System	3,492,582.01	3,539,630	5,201,908	936,957	6,138,865	411,930	5,603,735
Developmental Disability System	14,971,701.10	16,119,360	15,228,951	-1,352,539	13,876,412	-2,423,762	12,877,123
Veteran's Nursing Home	2,387,225.65	2,641,881	2,610,737	10,118	2,620,855	10,250	2,643,956
<b>Total Program Costs</b>	<b>\$76,679,358.62</b>	<b>\$83,276,525</b>	<b>\$81,641,621</b>	<b>\$-480,077</b>	<b>\$81,161,544</b>	<b>\$-2,189,472</b>	<b>\$79,812,026</b>

## MISSION AND GENERAL DESCRIPTION

It is the mission of the Department of Institutions to provide for the comprehensive management of five distinct human services delivery systems designed to meet the various special needs of the citizens of Montana. The five human services delivery systems are: the Adult Corrections System; the Mental Health System; the Chemical Dependency System; the residential component of the Developmental Disabilities System; and the Veterans' Nursing Home Program. The Department of Institutions is provided for in Section 2-15-2301, MCA. Its purpose is defined in Section 53-1-201. House Bill 547 passed by the 1989 legis-lature authorized the development of a veterans' nursing home to be located in eastern Montana. The Governor appointed a site selection committee who selected Glendive as the site for the

construction of the new veterans' nursing home. It is expected that the new nursing home will be completed and ready for occupancy in FY 94.

## AGENCY DESCRIPTION

The Department of Institutions is provided for in section 2-15-2301, MCA. Section 53-1-201 defines its purpose:

"The department shall utilize at maximum efficiency the resources of state government in a coordinated effort to develop and maintain comprehensive services and programs in the fields of:

- (1) adult corrections
- (2) mental health
- (3) chemical dependency;
- (4) residential care for the developmentally disabled, and
- (5) nursing home and domiciliary care for honorably discharged veterans.

In carrying out these programs, the department provides for the comprehensive management of five distinct human services delivery systems designed to meet the various special needs of the citizens of Montana. The five human services delivery systems are: the Adult Corrections System; the Mental Health System; the Chemical Dependency System; the residential component of the Developmental Disabilities System; and the Veteran's Nursing Home Program.

#### **AGENCY ORGANIZATION**

The responsibilities and functions of Department of Institutions are carried out through the following major organizational components:

The Central Operations Program consists of the Director's Office, the Management Services Division, Special Services Division, and the Board of Pardons.

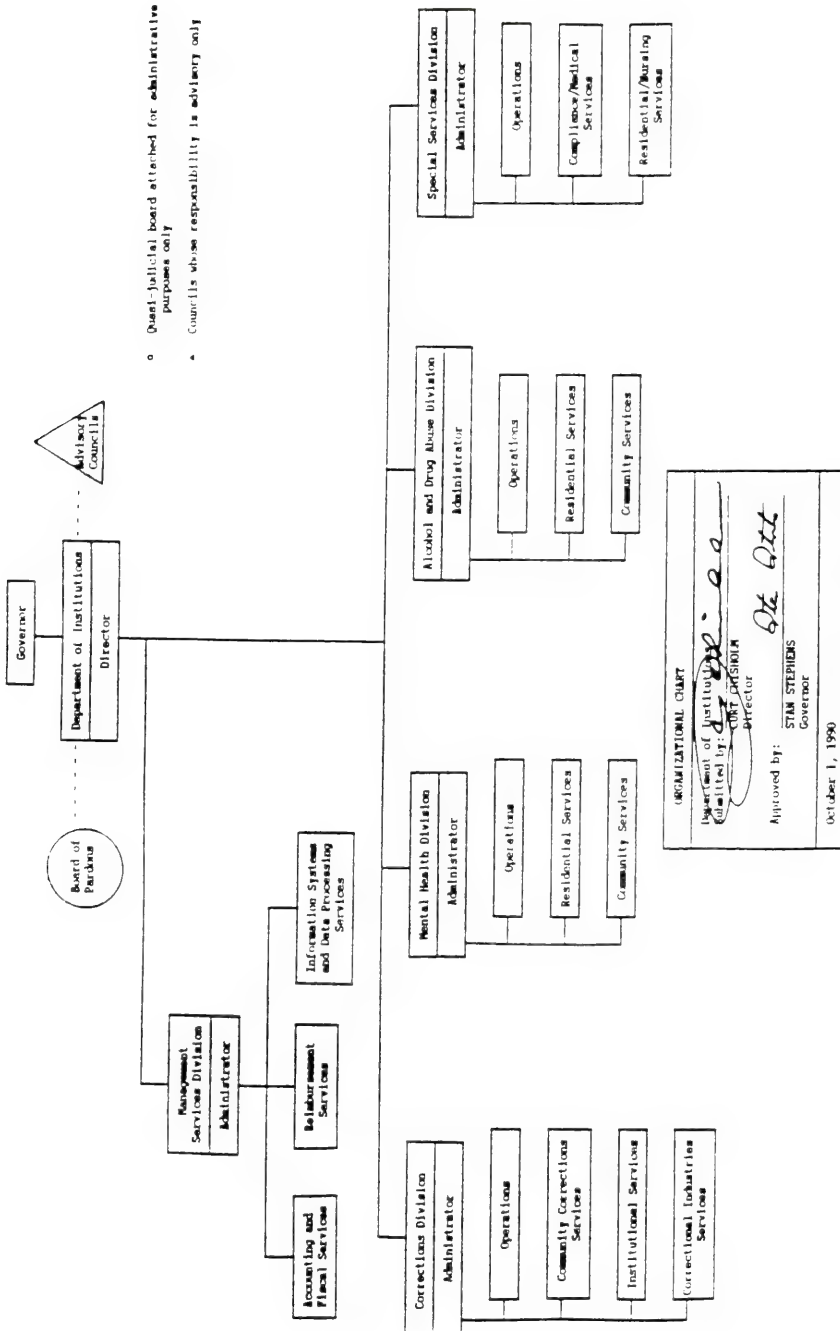
The Corrections System consists of an operations section; the adult male and female institutional components which includes Montana State Prison, Swan River Forest Camp, and the Women's Correctional Center; the adult male and female community services component which includes the contracted and state operated pre-release centers, the Intensive Supervision Program, Probation and Parole; and the industries/training component which includes the Ranch and Dairy operation, the Prison Industries operation, the Industries Training operation, and the License Plate Factory.

The Mental Health System consists of an operations section; the inpatient services component which includes the Montana State Hospital and the Center for the Aged; and the community mental health services component which includes those contracted services provided by the Community Mental Health Centers.

The Chemical Dependency System consists of an operations section; and the community chemical dependency services component which includes those contracted services provided by the community chemical dependency treatment programs.

The department manages only the residential component of the Developmental Disability System. The residential component consists of the Montana Developmental Center and the Eastmont Human Services Center. The community component of the system is managed by the Department of Social and Rehabilitative Services.

The Veterans' Nursing Home Program currently consists only of the Montana Veterans' Home located in Columbia Falls; however, legislation passed by the 1989 Legislature authorizes the construction and operation of a 100 bed veterans' nursing home to be located in Glendive, Montana.



o Quasi-judicial board attached for administrative purposes only

a Councils whose responsibility is advisory only

# CENTRAL OPERATIONS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Inc/Dcr Recommended	Base	Fiscal 1993 Inc/Dcr Recommended
Full Time Equivalent Employees	39.00	39.00	45.00	2.00	45.00	2.00
Personal Services	1,245,379.80	1,221,490	1,370,898	132,071	1,502,969	131,995
Operating Expenses	302,498.47	364,410	334,310	-13,554	320,756	1,548
Equipment	22,714.06	0	0	29,984	29,984	3,059
Debt Service	3,052.67	1,056	704	112,465	113,169	112,465
Total Agency Costs	\$1,573,645.00	\$1,586,956	\$1,705,912	\$260,966	\$1,966,878	\$249,067
General Fund	1,555,665.00	1,586,956	1,677,642	260,966	1,938,608	249,067
State Special Revenue Fund	4,296.00	0	20,595	0	20,555	0
Federal Special Revenue Fund	7,637.00	0	4,256	0	4,256	0
Proprietary Fund	6,047.00	0	3,419	0	3,419	0
Total Funding Costs	\$1,573,645.00	\$1,586,956	\$1,705,912	\$260,966	\$1,966,878	\$249,067

## OVERVIEW

The Central Operations Program, which is comprised of the Director's Office, Management Services Division, Special Services Division, and the Board of Pardons, provides for the direction, administration, management and coordination of the department's five human services delivery systems, and oversees Montana's inmate parole and furlough programs. The Management Services Division staff also provide direction, support and control in the areas of information systems, federal and third party reimbursement, accounting, property management and budgeting.

## GOALS

- o To provide overall policy direction for the human services systems under department responsibility.
- o To review, analyze, and make the necessary program adjustments to provide the most appropriate services in the most effective and efficient manner in line with the overall mission of the department and in compliance with state and federal mandates.
- o To provide overall policy direction, support and control to department personnel in the development, presentation and management of the department's biennial budget.

- o To provide overall policy direction, support and control to department personnel in the areas of medical care, facility administration, licensing and certification compliance, facility construction and maintenance, investigations, purchasing, accounting, payroll, and property management.

- o To provide overall policy direction, support and control to department personnel in the area of information systems.

- o To maximize General Fund reimbursements for those eligible services provided to institutionalized clients.

## AUTHORIZATION

- 2-15-2301, MCA
- 2-15-2302, MCA
- 46-23-201 through 218, MCA

There is a Department of Institutions.  
Board of Pardons-composition-allocation-quasi-judicial.

Granting of parole by the  
Board of Pardons.

## BASE PROGRAM

The Central Operations Program provides the policy making, medical, facilities management, legal, clerical, information systems, personnel, accounting, and budgetary support for the Department of Institutions. In

addition, the pro-gram oversees Montana's inmate parole & furlough programs. The mission of the Central Operations Program is to provide the required policy direction, control and support services necessary for the department to effectively manage five human services delivery systems; the Mental Health System, the Chemical Dependency System, the Adult Corrections System, the residential component of the Developmental Disabilities System, and the Veterans' Nursing Home Program.

The objectives for each activity within the Central Operations Program are as follows:

The Director's Office provides the policy making, legal, clerical and personnel support for the Department of Institutions. Under base funding, the objective of the Director's Office is to provide overall policy and management direction for the department, provide coordination between the department and other agencies of government at the policy making level, and interact with the public and those agencies and organizations outside of government who effect or are effected by policies related to the duties and responsibilities of the department.

The Management Services Division is comprised of the Fiscal Bureau, Reimbursement Bureau, and the Information Services Bureau. The division, through these three bureaus, provides policy direction, control and support for the Department of Institutions in the areas of governmental budgeting, accounting systems, payroll systems, supply and property management systems, federal and third party reimbursement rules and procedures, and micro computer and main frame based information systems.

Under base funding, the objective of the Fiscal Bureau is to provide the policy direction, support and control required to manage the department's budgets within the funding levels approved by the legislature on a systemic basis, and to develop, present, and defend the department's next biennial budget request in a format which is consistent with current department goals and objectives. In addition, the Fiscal Bureau will provide policy direction, training and support to, and establish procedures for department personnel in the areas of accounting, payroll, purchasing, and property management, that is consistent with generally accepted accounting principles and state policy.

Under base funding, the objective of the Reimbursement Bureau is to provide financial investigation, billing, services audit, cost report preparation, and collection services necessary to obtain maximum reimbursement for those eligible services provided to institutionalized clients at facilities currently operated by the department. The projected general fund revenue which will be collected will average approximately \$14 million each fiscal year.

Under base funding, the objective of the Information Services Bureau is to upgrade current level data processing and support capabilities through the increased implementation of computer networking services and through increased reliance on State telecommunication lines. In addition, the department is proposing the replacement of the existing IBM System 38 with an IBM AS/400 main frame computer. This enhancement will provide for greater user flexibility and will better enable the department to collect and utilize the data required for efficient and economical management of each of the human services systems for which it is responsible.

The Special Services Division is responsible for both direct line functions and support functions within the Department. The support function includes the operations component which provides administrative and professional assistance to the Department in medical care, facility administration, licensing and certification compliance, quality assurance, facility construction and maintenance and inmate and patient abuse investigation. The direct line responsibility includes the residential component of the Montana Developmental Disabilities Service System (MDDSS) which includes the Montana Developmental Center (MDC) in Boulder, MT, and the Eastmont Human Services Center (EHSC) in Glendive Mt. The community component of the MDDSS is managed by the Department of Social and Rehabilitation Services. Special Services is also responsible for the Montana Veterans Nursing Home Program located in Columbia Falls, MT, and the proposed Eastern Montana Veterans Home in Glendive, MT.

The Board of Pardons oversees Montana's inmate parole and supervised release programs. In addition, the board reviews requests for executive clemency and makes recommendations to the Governor concerning those requests. The board consists of three members and an auxiliary member who are appointed by the Governor. The Board of Pardons is allocated to the department for administrative purposes. The Board of Pardons plays a vital role in the effective movement of the male and female inmate population through the Corrections System. Under base funding, the objective of the Board of Pardons is to parole all Montana inmates who have met all the requirements for parole and who are appropriate for release.

#### BASE FUNDING

The Central Operations Program is funded entirely by the General Fund with the exception that the Legislative Audit appropriation is allocated to the various funding sources within the department.



## Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Financial Evaluations	2,900	2,900	2,900	2,900
Revenue Collected	\$14,123,655	\$15,632,828	\$14,342,515	\$13,624,829
Budget Status Reviews	154	154	154	154
System Development Hours	1,664	2,330	2,330	2,330
System Maintenance Hours	2,964	4,150	4,150	4,150

### CENTRAL OPERATIONS:

	<u>FY 92</u>	<u>FY 93</u>
FTE	3.00	3.00
TOTAL MODIFIED	263,504	251,685
GENERAL FUND	263,504	251,685
BOP STAFF ADDITION: FTE	1.00	1.00
	31,511	27,425

The executive budget recommends adding one FTE pre-parole programmer and associated operating costs at the BOP to help heal with the excessive caseload and to facilitate parole release.

### SPECIAL SERVICES ADDITION: FTE

	2.00	2.00
	133,720	128,328

A medical director and facility manager plus associated operating expenses are recommended in Special Services Operations. The medical director will be responsible to oversee all policy and operational issues concerning medical functions within the department. The facility manager will have departmentwide responsibility for major maintenance, code compliance, long range planning, and new construction management.

### INFORMATION SYSTEMS ENHANCEMENT: 130,665 128,024

The Department plans to upgrade its main frame data processing capabilities on a department wide basis. Operating costs are included for replacement of the current IBM System/38 with an IBM AS/400 mainframe, including hardware, software, telecommunications upgrades and maintenance expenses. The IBM AS/400 is being purchased through a five-year lease/purchase agreement.

## CORRECTIONS SYSTEM

[illegible]

## OVERVIEW

The Corrections System provides for the administration, management and coordination of adult correctional services in Montana. The system comprises a small operations staff, 3 correctional institutions, 5 community pre-release centers (2 state operated, 3 operated on contract by private non-profit corporations) and a network of 4 Probation and Parole regions with offices in 18 Montana communities. The latter provide Intensive Supervision and Supervised Release services as well as traditional probation and parole supervision. The system provides a broad continuum of services ranging from evaluation, counseling and supervision in the community to incarceration. Special emphasis is placed in two areas: community corrections as the intervention of first choice, and individual correctional supervision and programming whenever feasible.

## GOALS

- o To provide overall leadership, policy direction and management to the Montana adult corrections system and to the State as a whole on correctional issues.

- o To provide reception, classification, secure custody, rehabilitation and treatment of adult male felony offenders sentenced to prison.
- o To provide reception, classification, secure custody, rehabilitation and treatment of adult female felony offenders sentenced to prison.
- o To provide work, training, rehabilitation and custody of minimum security adult male inmates aged 25 or less in a work camp setting.
- o To provide community based pre-release placements for treatment, education, employment and life skills training to adult male and female inmates who are within one year of parole eligibility or sentence discharge.
- o To provide intensive community supervision (including electronic monitoring) to adult felony offenders, who would otherwise be sentenced to prison, in 2 Montana communities.
- o To provide a supervised release program for selected adult inmates who are within 24 months of parole eligibility or sentence discharge and who have been approved for that program by the Board of Pardons.



o To provide community supervision and counseling of Montana probationers and parolees.

o To facilitate the acquisition of release for parole eligible inmates through release planning teams and Individual Treatment plans.

#### **AUTHORIZATION**

53-1-202 Department of Institutions

53-1-204, 206 Responsibilities of the Warden, Participation of Institution in Research Programs.

53-1-301 to 304 Institutional Industries

53-1-501 Rules for Room and Board

53-30-101 to 152 Adult Offenders

53-30-205 to 207,212 Youthful Offenders, Youth Forest Camp

46-18-101 Correctional Policy

46-18-111 to 113 Presentence Investigations

46-18-201 to 204 Form of Sentence

46-18-254 Release of Sexual Offenders

46-19-101 to 204 Method of Execution, Death Sentence

46-19-301 Western Interstate Corrections Compact

46-19-401 Interstate Corrections Compact

46-23-101 to 1106 Probation, Parole and Clemency

#### **BASE PROGRAM**

The Corrections system consists of four components:

#### **DEPARTMENT OF INSTITUTIONS**

#### Operations Component

The Operations Component provides overall supervision, direction and guidance for Montana's adult correctional system. A primary focus of this activity is assurance of the expeditious flow of offenders within system programs in accordance with concern for public safety and needs of individual offenders. The system also provides central research services for the division, coordinates Montana's participation in the Interstate Corrections Compact and the Western Interstate Corrections Compact and oversees the training functions for each of the institutional and community programs. The intent is to utilize intermediate sanctions when appropriate and to only use costly prison space when required for public safety.

#### Adult Institutional Services Component

The Montana State Prison provides minimum through maximum security custody for adult male felony offenders sentenced to prison. Programs include reception, classification, education, vocational training, prison industries, a ranch operation, treatment/counseling, medical services and inmate work programs. Designed to house 754 inmates, this facility now consistently houses over 1,100 inmates.

The Swan River Forest Camp provides minimum custody for male felony offenders aged 25 or less. Programs focus on work, vocational training and counseling. This program serves up to 60 inmates.

The Women's Correctional Center provides minimum through maximum security custody for female felony offenders sentenced to prison. Programs include reception, classification, education/ vocational training, treatment, work experience, constructive leisure, parenting skills, and medical services.

Designed to serve 45 inmates (with the renovated expansion unit), this facility now houses over 55 inmates.

#### Community Corrections Service Component

Probation and parole supervision services are provided in 18 Montana communities by 43 probation and parole officers. These services are organized in four regions and are overseen by four Regional Supervisors. The Regional Supervisors, in turn, are accountable to the Community Services Bureau of the Corrections Division. Supervision entails monitoring the location, activities and behavior of offenders in addition to rehabilitative counseling. Offenders are categorized as maximum, medium and minimum risk using a risk/needs scale. Face-to-face contacts with offenders are maintained on a regular basis, the frequency of which is determined by the

offender's risk assessment. Probation and Parole officers also prepare pre-sentence investigations in response to district court requests and conduct investigations and hearings, and prepare reports related to revocations of probationary sentences and paroles. These officers now serve average caseloads in excess of 84 offenders. The average statewide caseload on parole is 495 while the statewide caseload on probation averages 3,035.

Five pre-release centers, located in Billings, Butte, Great Falls, and Missoula, provide transitional services to 132 offenders. Inmates are referred to the centers from Montana's prisons. All enrollees must pass screening processes at the prison as well as the local level and receive final approval from the Corrections Division administrator before transfer to one of the pre-release centers. Four centers serve 120 males while the fifth center serves up to 12 females. Three of the centers, all serving male inmates, are operated by non-profit private corporations while the other two centers are state operated. All centers provide counseling and training in employment and community life skills. All center inmates are required to either work or attend school and pay part of the costs of their housing. Inmates depart the program with a job and money in a bank account or are enrolled in some educational program. Release is accomplished either through parole or discharge.

Two Intensive Supervision Programs, located in Billings and Missoula, operate as community-based alternatives to prison. Each program is limited to enrollment of 25 offenders and is staffed by two officers. Most enrollees are specifically diverted from prison sentences by district court judges at the request of program staff and the offender. Supervision is provided 24 hours a day and electronic monitoring is used in early stages of the program. Enrollees meet with their supervising officer at least four times a week. The programming is designed to eventually shift the offender to traditional probationary supervision although poor enrollee performance may lead to an extended term of intensive supervision. Failure in the program typically results in incarceration. Intensive Supervision may be made available as an intermediate sanction to parolees whose revocations of parole would otherwise result in a return to prison.

The Supervised Release Program allows community supervision of qualifying inmates. All inmates, except those serving a sentence under 46-18-202(2), MCA, (additional restrictions on sentence) who are within 24 months of parole eligibility and who have served at least one-half the sentence time to parole eligibility may apply for Supervised Release. Applicants are screened by an institutional process and, if they pass, are referred to the Board of Pardons for final approval. Admission to this program is determined by the Board of Pardons.

The Institutional Parole Officer/Case Managers are located at Montana State

Prison. This officer's responsibilities are to expedite the release planning of eligible inmates through identification of inmate treatment needs, scheduling of treatment, scheduling of parole hearings and assistance in the preparation of inmate parole plans. The purpose of this program is to insure, to the extent possible, that inmates are prepared when they first become eligible for parole hearings before the Board of Pardons.

#### Industries and Training Component

The Prison Ranch is a self-supporting program using dairy, crop and beef operations to provide work experience and training for inmates. Dairy products and crops produced by the program are used by the prison and other state institutions. Ranch beef is sold in out-of-state markets, as is surplus milk and grain.

The License Plate Factory is a program responsible for the production of all license plates for the State, while providing work experience and training for prison inmates. The program is funded by the general fund from Motor Vehicle revenues.

Prison Industries provides inmate training in productive work habits and skills. Programs include training in furniture restoration, refinishing and manufacture, upholstery, sign manufacture, printing, logging, post and pole production and jack-leg fence construction.

The Prison Industries Training Program provides vocational training, on-the-job training and work experience for inmates. The program is intended to provide enrolled inmates with marketable skills appropriate for the present economy. To this end, inmates receive career counseling, training in business, office, telecommunications, and vehicle overhaul, repair and maintenance skills.

#### **BASE FUNDING**

The Corrections System is funded mainly by General Fund with the following exceptions. The Prison Ranch and Industries Programs are self-supporting and utilize proprietary funding. The Industries Training Program utilizes a combination of general funds, proprietary funds and some federal funds for special projects. All Corrections programs utilize federal funds, when available, from Chapter 1 grants, School Lunch and Breakfast programs, federal boarder, Carl Perkins Vocational Grants and Anti-Drug Abuse funds.

The Canteen programs at the Montana State Prison and the Swan River Forest Camp operate using State Special Revenue Funds. Those funds are generated by the purchase of products at the canteen by inmates.

# Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Funded Capacity - ADP				
MSP	1,050	1,086	1,086	1,086
WCC	50	50	50	50
SRFC	49	49	49	49
ISP	45	45	45	45
All PRC	132	132	132132	
- Monitor offender populations in correctional institution programs on a weekly and monthly basis (Inmates)	1,326	1,326	1,326	1,326
- Identify parole eligibility and discharge dates of all inmates 6 months prior to those dates for the purpose of parole hearings (Inmates)	1,326	1,326	1,326	1,326
- Conduct Pre-Service Training for all new employees Institutional Services Field Staff	120 hr 40 hr	120 hr 40 hr	120 hr 40 hr	120 hr 40 hr
- Conduct In-Service Training for all existing employees on an annual basis Institutional Services Field Staff	40 hr 16 hr	40 hr 16 hr	40 hr 16 hr	40 hr 16 hr
- Commit resources to assist eligible inmates in preparation for parole Inmate Population FTE	600 1	600 1	600 1	600 1
- Project and plan application of resources for (present capacity) > Sex Offender Therapy > Chemical Dependency Trmt > Mental Health Services	24 36 42	24 36 42	24 36 42	24 36 42
- Screen all inmates on Waiver and Annual Review Status for parole potential, using objective criteria. (Screenings)	-0-	300	300	-0-

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
- Schedule parole board hearing for candidates selected from the Waiver and Annual Review List. (Releases)	-0-	60	60	60
- Expand rehabilitation programs for female offenders in the following area: > medical services > mental health services > chemical dependency > education/recreational training > inmate employment opportunities	-	50	50	50
- Expand use of the conditional Discharge From Supervision option using a P&P pool of 3,500 clients	10%	10%	10%	10%
- Promote greater use of Intensive Supervision Programs	50	50	50	50
- Reduce the proportion of prison admissions of parole/probation revocations from 48% to 40%. This reduction will be accomplished by changes in parole/probation revocation procedures and the use of intermediate sanctions.	40%	40%	40%	40%

## CORRECTIONS SYSTEM MODIFIEDS

FTE	<u>FY '92</u>	<u>FY '93</u>
TOTAL \$'s	38.6	50.2
	2,318,927	2,484,066
STATE SPECIAL	193,509	189,283
GENERAL FUND	2,125,418	2,294,783

## I. OPERATIONS

### 92120 CORRECTIONS MEDICAL POPULATION MOD

FTE	<u>FY '92</u>	<u>FY '93</u>
TOTAL \$'s	104,649	164,630

This increase in the Medical budget is based upon the increasing populations at Montana State Prison, Swan River Forest Camp, and the Women's Correctional Center. This modified will cost \$104,649 in Fiscal 1992 and \$164,630 in Fiscal 1993, and is all General Fund.

## II. ADULT MALE INSTITUTIONAL SERVICES

### 92011 MSP ROTHE DORM/RECEPTION OVERFLOW/NEW UNIT D

FTE	<u>FY '92</u>	<u>FY '93</u>
TOTAL \$'s	21.6	32.2
	570,878	800,791

This modified reflects the expenses associated with double bunking the new Unit D; operating Rothe Dorm during Fiscal 1993 and operating the Reception Overflow unit from July 1991 through Fiscal 1993. This requires 21.6 FTE in Fiscal 1992 and 32.2 FTE in Fiscal 1993 at a cost of \$570,878 General Fund in Fiscal 1992 and \$800,791 General Fund in Fiscal 1993.

## 92202 MSP CHEMICAL DEPENDENCY PROGRAM

FTE	<u>FY '92</u>	<u>FY '93</u>
TOTAL \$'s	4.00	4.00
	108,355	104,262

The pending closure of Galen will diminish services accessible to Montana State Prison inmates. To replace this vital service, three drug rehabilitation positions and one secretarial position are needed for a total of 4 FTE in Fiscal 1992 and Fiscal 1993 at a cost of \$108,355 in Fiscal 1992 and \$104,262 in Fiscal 1993. The Governor's Budget Office recommends funding these positions with Alcohol Earmarked Funds.

## 92212 CORRECTIONS POPULATION MODIFIED

FTE	<u>FY '92</u>	<u>FY '93</u>
TOTAL \$'s	80,858	80,858

This modified request provides the variable costs for 48.25 additional inmates at Montana State Prison to bring the population from 1,086.75 to the emergency capacity of 1,135. This variable cost is approximately \$1,676 per inmate per year. This will cost \$80,858 in General Fund for Fiscal 1992 and \$80,858 for Fiscal 1993.

## 92222 SWAN CHEMICAL DEPENDENCY PROGRAM

FTE	<u>FY '92</u>	<u>FY '93</u>
TOTAL \$'s	1.5	1.5
	39,122	39,053

The pending closure of Galen will diminish services accessible to Swan's residents. To replace this vital service, one drug rehabilitation position and one half-time secretarial position are needed for a total of 1.5 FTE in Fiscal 1992 and Fiscal 1993 at a cost of \$39,122 in Fiscal 1992 and \$39,053 in Fiscal 1993. The Governor's Budget Office recommends funding these positions with Alcohol Earmarked Funds.

#### 92423 TARGETED CASE MANAGERS

	<u>FY '92</u>	<u>FY '93</u>
FTE	2	2
TOTAL \$'s	65,871	55,830

Two targeted case managers are needed to assist parole eligible inmates prepare parole plans and expedite the parole process to help alleviate the overcrowding problem. Therefore 2.0 FTE are added each year of the Biennium at a General Fund cost of \$65,871 in Fiscal 1992 and \$55,030 in Fiscal 1993.

#### III. ADULT FEMALE INSTITUTIONAL SERVICES

##### 92302 WCC CHEMICAL DEPENDENCY PROGRAM

	<u>FY '92</u>	<u>FY '93</u>
FTE	1	1
TOTAL \$'s	28,532	28,468

The pending closure of Galen will diminish services accessible to residents at the Womens Correctional Center. To replace this vital service, one drug rehabilitation position is needed at a cost of \$28,532 in Fiscal 1992 and \$28,468 in Fiscal 1993. The Governor's Budget Office recommends funding this position with Alcohol Earmarked Funds.

##### 92312 FEMALE CORRECTIONAL POPULATION INCREASE

	<u>FY '92</u>	<u>FY '93</u>
FTE	2	2
TOTAL \$'s	78,153	100,307

This modified requests an increase in variable costs and staff for the projected populations in Fiscal 1992 and 1993. Currently the population is five more than budgeted in Fiscal 1991. This increase in population requires an additional 2 FTE each fiscal year at a cost of \$78,153 General Fund in Fiscal 1992 and \$100,307 in Fiscal 1993.

#### IV. ADULT MALE COMMUNITY SERVICES

##### 92020 JAIL PAYMENTS PRE-RELEASE RETURNS

	<u>FY '92</u>	<u>FY '93</u>
FTE		
TOTAL \$'s	66,990	66,990

Due to a new statute enacted by the 1989 Legislature, the state is required to pay the costs of jail placement pending a due process hearing for individuals who violate their parole or pre-release agreements. These placements will cost \$66,990 in General Fund monies each year of the Biennium.

##### 92402 LOCAL JURISDICTION SENTENCING OPTIONS

	<u>FY '92</u>	<u>FY '93</u>
FTE	1	1
TOTAL \$'s	35,048	35,037

Community service programs have gained recognition across the country as viable sentencing alternatives to prison for selected non-violent offenders. Instead of being sentenced to prison, offenders are ordered by the courts to serve a prescribed number of hours of Community Service. This request would fund one-half of the operating expenses and one-half of the Community Services Coordinator and Secretary as required by the Montana Board of Crime Control Grant for this Community Service Program in Missoula. This will cost \$35,048 (\$17,548 General Fund and \$17,500 State Special) for Fiscal 1992 and \$35,037 (\$17,537 General Fund and \$17,500 State Special) for Fiscal 1993.

##### 92411 PRE-RELEASE EXPANSION

	<u>FY '92</u>	<u>FY '93</u>
FTE		
TOTAL \$'s	486,395	508,145

Creation of an additional 25 bed private pre-release center for men and expansion of three of the five existing pre-release centers by a total of 25 beds for a total expansion of 50 beds.



The additional beds will cost \$486,395 General Fund in Fiscal 1992 and \$508,145 General Fund for Fiscal 1993.

#### 92412 PRE-RELEASE TO HOUSE ARREST

<b>FTE</b>	<u>FY '92</u>	<u>FY '93</u>
<b>TOTAL \$'s</b>	45,000	45,000

Selected residents who successfully complete all pre-release center program goals prior to their parole eligibility or discharge dates could be released to house arrest two or more months early. These funds would be used to contract with the private pre-release centers to provide 15 new slots in an integrated system of community-based sanctions, similar to the program in Yellowstone County. This will cost \$45,000 General Fund each year.

#### 92420 GREAT FALLS INTENSIVE SUPERVISION PROGRAM

<b>FTE</b>	<u>FY '92</u>	<u>FY '93</u>
<b>TOTAL \$'s</b>	2.5 128,978	2.5 71,836

This program will be used as a diversion for offenders sentenced to prison, and as an intermediate sanction for probation and parole violators. The program will have a capacity of 25 with an average daily population of 20. The program requires 2.5 FTE each year of the Biennium at a General Fund cost of \$128,978 in Fiscal 1992 and \$71,836 in Fiscal 1993.

#### 92421 ADDITIONAL PROBATION & PAROLE OFFICERS

<b>FTE</b>	<u>FY '92</u>	<u>FY '93</u>
<b>TOTAL \$'s</b>	3 132,749	4 136,586

Due to increased caseloads additional probation and parole officers are required to assist inmates with parole plans and parole supervision. This will add 3 FTE in Fiscal 1992 and 4 FTE in Fiscal 1993 at a General Fund cost of \$132,749 in Fiscal 1992 and \$136,586 in Fiscal 1993.

#### 92422 JAIL PLACEMENT ALTERNATIVES

<b>FTE</b>	<u>FY '92</u>	<u>FY '93</u>
<b>TOTAL \$'s</b>	66,120	66,120

This modified is to use jail placement for parole violators as an alternative to prison. It is estimated that parolers or pre-release center residents who violate their conditions would spend an average of 30 to 60 days in jail as a graduated sanction to serve as an alternative to incarceration. This will cost \$66,120 in General Fund each year of the Biennium.

#### V. ADULT FEMALE COMMUNITY SERVICES

##### 92511 BILLINGS LIFE SKILLS CENTER INCREASE

<b>FTE</b>	<u>FY '92</u>	<u>FY '93</u>
<b>TOTAL \$'s</b>	3,110	3,110

The current population is 2.4 residents over budgeted. This modification will fund the variable costs for an additional 2.4 residents at a General Fund cost of \$3,110 each year.

##### 92520 NEW WOMEN'S PRE-RELEASE

<b>FTE</b>	<u>FY '92</u>	<u>FY '93</u>
<b>TOTAL \$'s</b>	278,119	237,043

Based on current overcrowding and future population projections, a new 16 bed women's pre-release center is needed. This modified is funded with General Fund monies at a cost of \$278,119 in Fiscal 1992 and \$237,043 in Fiscal 1993.



# MENTAL HEALTH SYSTEM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Deer Recommended	Base	Fiscal 1993 Incr/Deer Recommended
Full Time Equivalent Employees	829.96	832.40	784.53	-118.77	665.76	-125.31
Personal Services	20,047,069.53	22,408,791	21,361,837	-2,801,965	18,559,872	-2,970,405
Operating Expenses	4,350,844.01	4,773,510	4,162,889	-46,693	4,116,196	-161,436
Equipment	63,079.87	57,016	57,016	43,025	100,041	42,568.68
Grants	5,433,735.42	5,594,041	5,112,496	182,838	5,295,334	57,016
Total Agency Costs	\$29,894,728.83	\$32,833,358	\$30,694,238	\$-2,622,795	\$28,071,443	\$-2,936,519
General Fund	26,409,693.51	29,280,390	28,923,267	-2,606,495	26,316,772	-2,830,816
State Special Revenue Fund	1,811,829.56	1,858,289	449,144	-112,082	337,062	-445,583
Federal Special Revenue Fund	1,673,203.76	1,694,679	1,321,827	95,782	1,417,609	-1,321,827
Total Funding Costs	\$29,894,728.83	\$32,833,358	\$30,694,238	\$-2,622,795	\$28,071,443	\$-2,936,519
					\$30,864,012	\$27,927,493
					29,096,602	26,265,786
					445,583	337,970
					1,321,827	1,910
					\$30,864,012	\$27,927,493

## OVERVIEW

The mission of the mental health system is to develop and maintain a comprehensive system which: 1) provides treatment, rehabilitation and support service for psychiatrically disabled adults; 2) assures, through cooperative planning and program development with the Department of Family Services and other agencies, an effective continuum of treatment and support services for emotionally disturbed children, adolescents and their families; and 3) assures the availability of basic mental health services for those who would otherwise be unable to pay.

## GOALS

The goals of the mental health system are:

- o To enhance the community support system for people with severe and disabling mental illness.
- o To establish a clear definition of an appropriate statewide comprehensive treatment and support system for adults with severe and disabling mental illness.
- o To maintain and, where necessary, enhance the quality of care provided at Montana State Hospital and the Montana Center for the Aged.

- o To maintain and strengthen a quality assurance program for the mental health system.

- o To assist in making mental health services available to persons who are not disabled by mental illness.

- o In cooperation with the Department of Family Services, Office of Public Instruction, the Department of Social and Rehabilitation Services, the Department of Health and Environmental Sciences, and other agencies and groups, enhance mental health services for children and adolescents.

- o To improve the quality and availability of mental health services for groups which may be underserved including but not limited to elderly, Native Americans, and dually diagnosed (mentally ill/mentally retarded and mentally ill/chemically dependent) in Montana.

- o To maintain and strengthen the mental health planning process with the assistance of the Mental Health Planning and Advisory Council.

- o To implement an integrated and comprehensive mental health data system.

## **AUTHORIZATION**

- 53-6-301, MCA Defines the mission of Montana State Hospital
- 53-21-Part 1, MCA Describes commitment procedures and patient rights
- 53-21-Part 2, MCA Describes Department responsibilities for mental health and authorizes formation of regional community mental health organizations.
- 53-21-Part 4, MCA Defines the mission of Montana Center for the Aged
- 53-21-506, MCA Hospital Prohibits admission of children to Montana State Hospital
- 53-22-Part 1, MCA Interstate Compact on Mental Health PHS Act as Alcohol Drug Abuse and Mental Health Amended by Block Grant Law P.L. 101-93:
- PHS Act Part C, Mental Health services for the Title V; Homeless Block Grant Law.
- P.L.-99-660: Federal mental health planning requirements.
- ARM 16.32. Nursing Home licensing rules.
- 360-363: Applies to the Center for the Aged and parts of Montana State Hospital.

## **BASE PROGRAM**

The mental health system consists of three components:

### Operations Component

The operations component provides management and coordination of the entire system. Responsibilities include: 1) implementing through technical assistance and development and monitoring of program standards, effective mental health programs; 2) incorporating, in a coordinated fashion, the resources and expertise of other programs (medical assistance, housing, social security, education, family services, private sector health providers) into a comprehensive system of services; 3) addressing the issues of training, recruitment, retention and credentialing of qualified staff at all levels of the system; 4) developing special programs for groups with special service needs such as the dually diagnosed, sexual offenders, the homeless and Native

Americans; 5) gathering and analyzing empirical data on population and demographic trends as they relate to mental health, service needs, and services provided by the system; 6) developing and monitoring systems to assure that services are provided with due regard for the human and civil rights of consumers; 7) providing contract monitoring to assure compliance with purchase of service agreements; 8) planning for orderly system responses to new needs, opportunities and challenges in compliance with state (53-21-202, MCA) and federal (PL 99-660) mental health planning laws; 9) assuring that the mental health system complies with all requirements, including those imposed by funding and licensing agencies; and 10) authorizing transfer of patients between state facilities and into and out of Montana via the Interstate Compact on Mental Health.

### Community Mental Health Services Component

The community mental health component provides community based services to children and adults throughout Montana. These services are provided by five regional community mental health centers authorized by 53-21-204, MCA, and, to a limited extent, by other private non-profit service providers. The Department of Institutions contracts with the local agencies to provide the community services which have been determined to be needed. The services purchased from the community providers include the following: 1) a major emphasis of the community mental health system is the provision of therapeutic, supportive residential and case management services for adults who have severe and disabling mental illnesses. These services assist patients discharged from the Montana State Hospital and also provide a less restrictive alternative for adults who would otherwise be institutionalized. Part of the services provided to this group of clients is screening of patients for possible admission to Montana State Hospital and aftercare planning for patients being discharged from the State Hospital; 2) Services for emotionally disturbed children and adolescents are provided by the Community Mental Health Component. These services include individual and family therapy as well as intensive day treatment services for young people with serious emotional disturbance. The Department's emphasis in the purchase of community services for children and adolescents is to coordinate any services with schools and child protection agencies and to emphasize services which will maintain the family, and prevent placement of the child outside the home community; 3) The Department provides funding to help support services for adults who do not have a disabling mental illness but who need treatment intervention and cannot afford the full cost of treatment. Although the recipients of services in this category do not have a long term disability caused by mental illness, they may have very serious short term disorders such as depression or anxiety or they may need treatment for disorders which affect public safety (e.g., sexual offenders).

#### Inpatient Services Component

The Montana State Hospital, Warm Springs Campus, serves adults who need evaluation or treatment for serious mental disorders. The hospital serves: 1) people who are admitted voluntarily because available community programs are not able to provide appropriate services; 2) people who are committed involuntarily by a District Court because a mental disorder has resulted in injury to self, injury to others, threat of injury or inability to care for self; 3) people who are defendants in criminal proceedings who are sent to the State Hospital for an evaluation to determine whether they are (or were when the crime was committed) mentally ill; and 4) people who have been convicted of a crime and who are sentenced to the State Hospital in lieu of prison. The State Hospital also occasionally provides detention of persons who are alleged to be seriously mentally ill pending a court hearing.

The Montana Center for the Aged serves elderly people who need nursing care and have long term mental illness. Because of the psychiatric symptoms and challenging behaviors these patients have, private nursing homes are not able to serve them appropriately.

#### **BASE FUNDING**

The Mental Health System is funded predominately by the General Fund. Other sources of funding include the Mental Health and Drug Abuse and the Mental Health Services for the Homeless Block Grants for community mental health services and Chapter 1 funding of educational services at Montana State Hospital. Some Mental Health operations functions are supported with time-limited special project federal grants.

## Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
State Inpatient Admissions	765	765	715	665
State Inpatient Discharges to LRA	765	765	725	680
CMHC Non-disabled Adult Admissions	4,850	4,850	4,850	4,850
CMHC Child/Adolescent Admissions	2,200	2,200	2,200	2,200
CMHC Adults with SDMI Admissions	1,300	1,300	1,300	1,300
State Mental Health Plan Objectives Accomplished	75%	75%	75%	75%
Programs Evaluated	6	6	6	6
Mental Health Professional Persons Certified	20	20	20	20
Montana State Hospital Average Daily Population (including ASC & Lighthouse)	454	453	280	265
Center for Aged Average Daily Population	153	150	150	123

# DEPT. OF INSTITUTIONS - MODIFIED LEVEL - 93 BIENNIUM

	<u>FY 92</u>	<u>FY 93</u>
FTE	18.58	16.53
TOTAL MODIFIED	1,101,211	941,274
FEDERAL SPECIAL REVENUE	395,647	301,775
GENERAL FUND	705,564	639,499
C.A.S.S.P. GRANT FTE	2.5	13,547

The Child & Adolescent Service Program (C.A.S.S.P.) Federal grant of \$13,547 in FY 92 funds the development of a comprehensive service system for emotionally disturbed children which makes efficient use of all available health, education and social service programs. This request is for .25 FTE for FY 92 and represents the continuation of the FY 91 grant. All is funded through Federal Special Revenue.

## MH DATA GRANT

107,000	26,775
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The Mental Health Data Grant is a Federal grant of \$107,000 in FY 92 and \$26,775 in FY 93. The purpose of the grant is to enable the department to develop and enhance computerized data systems for the collection and analysis of client and service data. This request represents the continuation of the FY 91 grant. All is funded through Federal Special Revenue.

## HOMELESS BLOCK GRANT

275,000	275,000
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This budget modification allows the department to expend \$275,000 in FY 92 and \$275,000 in FY 93 of Federal grant funds allocated to Montana each year. These funds will be contracted to community Mental Health Centers to provide outreach and case management services for adults with severe disabling mental illness who are homeless or in danger of becoming homeless. This request is funded through Federal Special Revenue.

# COMMUNITY MH INFLA INCR

206,545	206,545
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Part of the plan for mental health services was to shift emphasis from institutional to community-based services.

The base for the FY 92-93 biennium does not include total funding for community mental health services because the 1989 legislature included language in HB 100 that this ongoing support was to be presented to the 1991 session for review and re-authorization. Recommended funding is \$206,545 for FY 92 and \$206,545 in FY 93. This recommendation only restores the program to the FY 91 appropriated level. All is funded through General Fund.

CENTER FOR THE AGED-FTE	FTE	5.53	3.73
		227,430	160,614

With the proposal to transfer 50 residents from Galen to Center For the Aged, the budget includes an additional 5.53 FTE in FY 92 and 3.73 FTE in FY 93. Personal services and operation costs totaling \$227,430 in FY 92 and \$160,614 in FY 93 will be necessary to provide the needed care. All is funded through the General Fund.

CENTER FOR THE AGED-DRCT	FTE	12.80	12.80
		271,589	272,340

The CFA anticipates the admission of 50 intermediate care residents transferred from Galen and Warm Springs. These residents will require a higher level of care than current CFA residents. Additional direct care staff of 12.80 FTE in FY 92 and 12.80 FTE in FY 93 are requested to meet heightened Medicaid Patient Assessment Scores (PAS) costing \$271,589 in FY 92 and \$272,340 in FY 93. All is funded through the General Fund.

## CHEMICAL DEPENDENCY SYSTEM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Deer Recommended	Base	Fiscal 1993 Incr/Deer Recommended	
Full Time Equivalent Employees	9,00	9,00	57,65	-48,65	9,00	57,65	9,00
Personal Services	247,267.43	277,788	1,652,662	-1,371,782	280,880	1,656,682	280,236
Operating Expenses	95,874.53	83,175	317,070	-105,411	211,659	302,947	125,780
Equipment	0.00	1,000	1,000	4,436	5,436	1,000	382
Local Assistance	1,122,592.00	1,105,000	1,090,000	0	1,090,000	1,090,000	0
Grants	2,025,948.05	2,072,667	2,141,176	2,409,714	4,550,890	2,141,176	4,107,337
Debt Service	980.00	0	0	0	0	0	0
<b>Total Agency Costs</b>	<b>\$3,492,582.01</b>	<b>\$3,539,630</b>	<b>\$5,201,908</b>	<b>\$936,957</b>	<b>\$6,138,865</b>	<b>\$5,191,805</b>	<b>\$5,603,735</b>
General Fund	215,199.00	215,200	628,626	-23,027	605,599	631,055	607,672
State Special Revenue Fund	1,443,307.96	1,442,741	2,623,084	282,686	2,905,770	2,610,552	2,889,291
Federal Special Revenue Fund	1,834,075.05	1,881,689	1,950,198	677,298	2,627,496	1,950,198	2,106,772
<b>Total Funding Costs</b>	<b>\$3,492,582.01</b>	<b>\$3,539,630</b>	<b>\$5,201,908</b>	<b>\$936,957</b>	<b>\$6,138,865</b>	<b>\$5,191,805</b>	<b>\$5,603,735</b>

### OVERVIEW

The Department of Institutions is the designated state authority for chemical dependency services. All major management functions including subcontractor reimbursement and onsite monitoring are performed by Department staff. The Chemical Dependency System's components are operations, inpatient services which includes Galen and Lighthouse, and community services. The Department has proposed that the Galen campus at the Montana State Hospital be closed by July 1, 1991. Chemical dependency inpatient services will continue to be provided by the Department but not at the Galen facility. The alternatives include contracting with state approved inpatient programs for essential services and/or relocation of the chemical dependency program.

### GOALS

- o Maintain the current level of chemical dependency services in Montana.
- o Maintain the quality of chemical dependency services provided in Montana.
- o Continue to allocate resources for the purpose of ensuring efficiency, cost effectiveness and availability of services.

- o Provide inpatient and detoxification services via contract with approved community based chemical dependency inpatient programs with Galen closure.

- o Encourage the most appropriate, effective and cost efficient utilization of services via patient placement criteria and utilization review.

- o To provide detoxification services of those persons who require a safe protective environment to withdraw from chemicals.

- o To provide residential care to those persons who have an alcohol and or drug addiction.

- o Ensure a continuum of care to individuals receiving primary treatment services.

- o Encourage the development and implementation of intensive outpatient (IOP) services as an effective and cost saving alternative to inpatient treatment when appropriate.

- o Continue to assess the chemical dependency needs of Montana and determine specific strategies to meet identified needs.



o To demonstrate the effectiveness of approved chemical dependency treatment programs statewide by monitoring of established effectiveness indicators.

o To provide care, evaluation, treatment, and referral for those citizens of Montana who are referred for the treatment of the disease of alcoholism.

o Encourage local communities and state approved chemical dependency programs to play the primary role in the development and implementation of prevention activities.

#### **AUTHORIZATION**

53-24-204 MCA  
Describes the power and duties of the Department of Institutions, regarding alcoholism and drug dependency.

P.L. 100-690  
Regulations required for ADMS Block Grant.

61-8-714 MCA  
Penalty for driving under the influence of alcohol or drug programs approved by the Department.

53-6-301 MCA  
Describes the functions of the Alcohol Service Center at Galen campus.

Part C, Title XIX.  
Describes the administration of the ADMS Block Grant.

PHS Act/45 CFR Part 96

#### **BASE PROGRAM**

The Chemical Dependency System consists of three components:

##### Operations Component

Under base funding the operations component will administer statewide chemical dependency services based on the following activities: planning, funding, onsite program evaluation and approval, certification of chemical dependency counselors, collection, process and analysis of treatment statistics, and prevention programs.

Planning is comprised of approval of county plans and preparation of a long term (4 year) state plan for chemical dependency based upon needs and information identified in county plans and legislative priorities.

The Operations Component distributes discretionary monies to state approved programs, community based prevention programs, and earmarked alcohol tax revenue to the counties.

Comprehensive onsite reviews of treatment programs are conducted on an annual basis prior to issuance of a state approval certificate. Onsite reviews are conducted in accordance with 53-24-208 MCA and Volume 7, Title 20, Chapter 3 of the Administrative Rules of Montana. The rules delineate the standards to be met in organization and management, personnel and the five treatment components which include detoxification, inpatient-hospital or free standing, intermediate outpatient. Programs seeking approval for the first time or a program that proposes to add a new service must submit written application to the Department. In addition, the Department issues guidelines through evaluation review and close monitoring of goals and objectives to ensure validity of effectiveness data in areas of followup and completion ratios, caseload, utilization, units of service and frequency of contact.

The Operations Component certifies chemical dependency counselors employed in state approved programs, as well as those applicants who, for various reasons, wish to attain certified status. All counselors and educational course (DUI and MIP) instructors employed in state approved chemical dependency programs must be certified. Recertification is mandatory after four years.

The Alcohol and Drug Information System collects, processes and analyzes statistical data from all state approved treatment facilities. All state approved chemical dependency programs report on the Alcohol and Drug Information System (ADIS) as a requirement of state approval. The reports are used for data comparison of all programs, to assist the Department in assessing the need for additional services and in determining contract levels, to assist in evaluation and management of existing programs, to analyze program's client populations, and to respond to requests for information.

The prevention objectives are to provide citizens of Montana with the information necessary for them to make responsible decisions about use of alcohol and drugs; to promote alternatives to alcohol and drug abuse; and to educate parents, teachers, health professionals and social service personnel in effective techniques for promoting prevention activities of other state and local agencies.

With the impending closure of Galen the Department believes that it is necessary to ensure that individuals who can be served in the community in Intensive Outpatient Programs (IOP) are referred there and that those individuals who need inpatient services receive them in a timely manner.



### Community Services Component

Publicly supported chemical dependency services in Montana communities are delivered in four major settings: outpatient programs, inpatient programs, intermediate care and detoxification programs. There are also chemical dependency programs throughout Montana which are not publicly funded that have met Department of Institutions requirements of state approval. Prevention services also are provided through community based prevention programs.

The objectives of community programs are to provide a comprehensive range of services for the chemically dependent person and impacted family members. Services include group, individual and family counseling; education, assessment and referral for DUI offenders; education to adolescents convicted of possession of intoxicants; misdemeanor (MIP); prevention services to communities and schools; intervention and appropriate referral; and outreach.

During the past year with the increased demand for chemical dependency services, the Department has been emphasizing the Intensive Outpatient Programs "IOP" model. The Department has been encouraging all major communities in Montana to provide the service within existing approved outpatient programs. We believe that by increasing IOP in the communities it will decrease the demand for inpatient services, yet still ensure that primary treatment is provided in the most cost-effective manner. The Department believes that many referrals to Galen can be served within the community in this treatment modality.

### In-Patient Services Component

The State Inpatient Services Component currently consists of the Alcohol Service Center (ASC) and Lighthouse Chemical Dependency Center on the Galen campus. The purpose of ASC is to provide detoxification, diagnosis, treatment, and referral for persons suffering from alcoholism. The Lighthouse Treatment Center provides education, group and individual counseling, rehabilitation and referral for persons suffering from drug addiction.

With the closure of Galen on July 1, 1991, the Department will ensure that inpatient services, medical detoxification, and social or sub acute detoxification services are available for those in need. These services will be provided by private programs under contract with the Department.

### **BASE FUNDING**

The Chemical Dependency System has the following appropriated funding sources: state special revenue, federal block grant funds, general fund, and Supplemental Security Income (SSI) funds. State special revenue consists of the earmarked alcohol tax. The Department of Institutions is statutorily allocated 65.5 percent of the liquor license tax, \$1.00 of the \$4.30 beer tax, and \$0.0834 of the \$0.27 wine tax for programs for the treatment, rehabilitation, and prevention of alcoholism. A portion is appropriated by the legislature to administer state functions including operations, the Alcohol Service Center at Galen and correctional chemical dependency programs, with the remainder statutorily appropriated to the counties based 85 percent on population and 15 percent on land area. The Operations Component has two funding sources, state special revenues and a contract from the Social Security Administration for monitoring supplemental security income clients who are disabled due to alcoholism or drug dependency.

The Inpatient Services Component has two sources of funding. The ASC is funded by state special revenue (earmarked alcohol tax) appropriated by the legislature while the Lighthouse Treatment Center receives general fund only.

The Community Services Component receives base funding from general fund, federal block grant funds and special revenue funds (earmarked alcohol tax). Federal block grant and general fund is contracted to state approved community alcohol and drug programs. Presently, 23 of the 34 state approved community programs are receiving public funds from the Department.

# Performance Indicators

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Onsite Evaluations	33	34	34	34
Program Approvals	33	34	34	34
Registered for Certification	167	150	150	150
Applicants Certified	60	60	60	60
Training Events Approved	120	125	130	130
Treatment Contracts Awarded	52	30	30	30
Treatment Contracts Consolidated	0	30	30	30
Contracts Monitored Quarterly	208	120	120	120
Intensive Outpatient Program Established	6	9	3	2
State Plan Published	1/90		1/92	
County Plans Approved	56	56	56	56
Client Admitted (CD)	6,033	6,100	6,100	6,100
Family Members Admitted	2,609	2,610	2,610	2,610
DUI Clients Admitted	4,750	4,800	4,800	4,800
Output Reports Distributed to Programs	396	396	396	396
Red Ribbon Packets Distributed	1,000	1,000	1,000	1,000
Statewide Media Campaigns	1	1	1	1
SSI Referrals from Social Security Administrator	30	30	30	30
Monitored SSI Recipients	75	75	75	75
Chemical Dependency State Plan Objectives Accomplished	75%	75%	75%	75%
DETOXIFICATION				
Bed Utilization	58%	70%	70%	70%
Completion Ratio	78%	80%	80%	80%
Successful Referral	64%	50%	50%	50%
INPATIENT/HOSPITAL BASED				
Bed Utilization	67%	80%	80%	80%
Completion Ratio	82%	55%	55%	55%
Followup/Contact	70%	70%	70%	70%
Followup/Improvement	90%	100%	100%	100%
Referred to Aftercare	Data Not Available			

# INTERMEDIATE

Bed Utilization  
Completion Ratio  
Successful Referral  
Followup/Contact  
Followup/Improvement

## OUTPATIENT

1:12 Client Ratio Outpatient  
Client Contacts/Month  
Completion Ratio  
Intensive IOP Caseload  
Intensive IOP Completion  
Followup/Contact  
Followup/Improvement  
ACT Completion  
MIP Completion

FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
80%	70%	70%	0%
48%	70%	70%	80%
81%	75%	75%	75%
81%	55%	55%	55%
80%	70%	70%	80%
100%	100%	100%	100%
3.4	2.5	2.5	2.5
59%	50%	50%	50%
74%	55%	55%	55%
76%	70%	70%	70%
78%	80%	80%	80%
89%	80%	80%	80%

## CHEMICAL DEPENDENCY:

	FY 92	FY 93
TOTAL MODIFIED	3.00	3.00
GENERAL FUND	2,601,463	2,082,227
STATE SPECIAL	470,102	472,175
FEDERAL SPECIAL	1,536,544	1,535,959
TOTAL FUNDING	594,817	74,093
	2,601,463	2,082,227

## GALEN ALTERNATIVE MODIFICATION:

	FTE
GENERAL FUND	2.00
STATE SPECIAL	470,102
FEDERAL SPECIAL	1,536,544
TOTAL GALEN ALT.	21,195
	2,027,841

This modification presents the chemical dependency community support program which will serve as an alternative to in-house alcohol and drug treatment programs currently located on the Galen campus of Montana State Hospital. The department proposes to contract with local inpatient treatment programs for patients previously served at Galen; these services will be funded

with General Fund and state special revenue alcohol funds. A 1.00 FTE coordinator position will be funded with state special revenue alcohol funds with the remaining FTE being funded by federal block grant funds.

## DATA GRANT MODIFICATION:

FTE
FEDERAL SPECIAL
-0-
65,778
16,447

This modification provides the DOI Chemical Dependency System \$82,235 of federal authority in FY92-93. This funding is to continue a three-year project to develop a uniform alcohol and drug abuse data collection system which began during FY90 to replace the current information system.

## CYAP MODIFICATION:

FTE
FEDERAL SPECIAL
1.00
507,834
15,749

The Community Youth Activity Project Demonstration Grant provides federal revenue of \$523,583 in the 1993 biennium to be used for prevention activities in Montana. During the biennium, \$447,216 will be used to provide grants to local agencies, with the balance funding operations and a 1.00 FTE project evaluator position which will be responsible for providing programs.

# DEVELOPMENTAL DISABILITY SYSTEM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr Recommended
Full Time Equivalent Employees	542.50	535.77	522.78	-46.97	522.78	-89.85
Personal Services	12,769,133.34	13,832,433	13,150,788	-1,153,251	13,195,804	-2,256,231
Operating Expenses	2,128,812.17	2,170,915	1,959,757	-184,746	1,986,676	-152,757
Equipment	58,998.19	74,424	81,962	-14,542	87,533	-14,774
Debt Service	14,757.40	41,588	36,444	5,339	30,872	0
Total Agency Costs	\$14,971,701.10	\$16,119,360	\$15,228,951	\$-1,352,539	\$15,300,885	\$-2,423,762
General Fund	14,920,163.68	16,031,975	15,141,566	-1,309,420	15,213,500	-2,369,553
State Special Revenue Fund	29,265.67	49,700	49,700	-19,000	49,700	-19,000
Federal Special Revenue Fund	22,271.75	37,685	37,685	-24,119	37,685	-35,209
Total Funding Costs	\$14,971,701.10	\$16,119,360	\$15,228,951	\$-1,352,539	\$15,300,885	\$-2,423,762

## OVERVIEW

The residential component of the Montana Developmental Disability Service System (MDDSS) is managed under the Special Services Division and provides residential care, treatment, education, habilitation, medical care and training to the developmentally disabled. These services must be skillfully and humanely administered with regards to full respect for the client's dignity and personal integrity and provided in the least restrictive and most appropriate environment.

These residential services are provided by two facilities licensed as intermediate care facilities for the mentally retarded (ICF/MR) by federal and state Medicaid programs. These facilities are the Montana Developmental Center (MDC) at Boulder, Montana, and the Eastmont Human Services Center (EHSC) in Glendive, Montana. Statutory authority for the programs is provided for in Title 53, Chapter 20, MCA.

## GOALS

o To ensure the provision of quality care, treatment, habilitation, training, education and medical treatment to the residents through compliance with state and federal Medicaid ICF/MR certification standards.

o To continually provide leadership, administration, management, policy direction and staff support to ensure that MDC and EHSC missions are achieved.

## AUTHORIZATION

42CFR, PART 400, Medicare and Medicaid: Requirements for Long Term Care Facilities for the Mentally Retarded.

Title 53.

Describes Montana's laws pertaining to the Chapter 20, MCA Disabled.

Part 5 describes function, location, duties and disposition of the state-owned residential facilities.

## BASE PROGRAM

Montana Developmental Center is presently licensed as a 228 bed ICF/MR which is budgeted to serve an average daily population of approximately 190 developmentally disabled patients.

As stated in the new Montana Developmental Disability Service System (MDDSS) plan, developed by the Human Services Subcabinet and endorsed by the Governor in November of 1989, the future mission of the Montana Developmental Center will provide comprehensive residential training and treatment services to:

1. Persons with developmental disabilities whose behavior problems at this time are so severe that they cannot safely and effectively be served in the community-based setting.

This group includes, but is not limited to, people with dual diagnosis of mental illness and mental retardation who also have severe behavioral problems. Services for these individuals include:

- a. Intensive time limited and transitional services for persons with severe behavioral problems who respond to treatment and have the ability to care for themselves such that community placement is feasible and appropriate;
  - b. Long term care residential treatment and care for those with severe behavioral problems who do not respond well to treatment; and
  - c. Court ordered diagnostic and evaluation services not to exceed 30 days.
2. Persons with developmental disabilities who have no severe behavioral problems who have major self help deficiencies which cause them to require:
    - a. Immediate emergency nursing or medical intervention; or
    - b. Total, or nearly total, assistance in caring for themselves.

Based on the MDDSS Plan, this facility will transfer 54 clients to community programs in fiscal year 90 and 91 reducing the facility population to 130 - 135 at the beginning of fiscal year 1992. During fiscal year 1992, it is proposed that an additional 30 clients will be moved to community programs making MDC a 100-110 bed facility by the beginning of the fiscal year 1993.

Eastmont Human Services Center is a 55 bed JCF/MR. As stated in the Montana State Developmentally Disabled Service System Plan, the mission of the Eastmont Human Services Center is to provide comprehensive residential training and treatment services to persons with developmental disabilities who:

1. Have severe self care deficits;
2. As a group are predominately ambulatory;
3. Do not have severe behavioral problems; and
4. Do not have severe nursing or medical problems.

#### BASE FUNDING

General Fund provides over 99 percent of the funding. State special revenue consists of donations and other federal revenue consists of Chapter 1 and Chapter 2 funds from the Department of Education. Although the program is almost totally supported by general fund revenue, the facilities generate approximately \$9,000,000 per year from the federal Medicaid program into the state general fund.

## Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
1. Continue to meet the conditions of participation for intermediate care facilities for the mentally retarded (ICF/MR) as determined by successfully passing annual Medicaid surveys conducted by DHES.	8	8	8	8
2. Develop an annual ITP for each client at both facilities, including 30 day and 90 day evaluations for all new admissions, within 365 days of the last ITP.	100%	100%	100%	100%
3. Provide a minimum of 75-110 hours training to all entry level Habilitation trainers during the direct year of employment, including preservice, inservice, and on-the-job training, as specified under the MDC Resident Care Aide Training Services and EHSC training program as well as provide regularly scheduled opportunities for training to upgrade to Shift Supervisor.	75%	100%	100%	100%
4. Revise and maintain policy and procedure manuals for both client-oriented issues (Admission to Discharge) and facility operations and personnel management (Administrative) and so indicate by documented annual review.	1 Ongoing	1 Ongoing	1 Ongoing	1 Ongoing
5. Behavior management procedures (BMP) will be developed within 30 days of Interdisciplinary Team documentation of need on those clients so identified.	100%	100%	100%	100%

6. MDC will provide school-age education services to meet needs so identified by the Child Study Team/interdisciplinary Team for clients under age 22, if they have not completed an appropriate school age program prior to admission.

100% 100% 100%

7. Conduct and document 90-day medication and diet reviews for clients as well as 30 day reviews and annual tardive dyskinesia assessments for 100% of those receiving psychoactive medications.

100% 100% 100%

8. Revise and maintain effective infection control policies and procedures by documentation of regular infection control reviews and corrective action as measured by the annual Medicaid review.

1 ongoing 1 ongoing 1 ongoing

9. Average Daily Population

235 232 186 165

10. Admissions

4 8 9 8

11. Discharges

7 54 30 8

# DEPART. OF INSTITUTIONS - MODIFIED LEVEL - 93 BIENNUIUM

## DEVELOPMENTAL DISABILITY SYSTEM

	FY 92	FY 93
FTE	9.83	8.00
TOTAL MODIFIED	230,610	186,464
GENERAL FUND	230,610	186,464

## EASTMONT HUMAN SERV. CTR

FTE	6.00	6.00
GEN.FUND	139,510	139,510

Eastmont Human Services Center is licensed by Medicaid as an Intermediate Care Facility for the Mentally Retarded. EHS is requesting \$139,510 in FY

92 and \$139,900 in FY 93 for funding of additional staff to enhance programming and training required for Medicaid certification. The 6.00 FTE staff authorized will be used to reduce the staff/client ratios for the purpose of increasing active treatment and the ongoing training of staff. Both of the Medicaid conditions of providing active treatment and staff training were found out of compliance in FY 89. All is funded through the General Fund.

## MONTANA DEVELOPMENTAL CTR

FTE	3.83	2.00
GEN FUND	91,100	46,564

Montana Developmental Center is licensed by Medicaid as an Intermediate Care Facility for the Mentally Retarded. MDC is requesting \$91,100 in FY 92 and \$46,564 in FY 93. A FY 90 budget amendment added 21.50 FTE to increase program management and staff-to-client contact to meet certification requirements. As the client population decreases throughout FY 91, FY92, and FY93, staffing needs also decrease and the majority of the positions will be deleted, maintaining only those necessary to continue certification.

## DEPARTMENT OF INSTITUTIONS

## DEVELOPMENTAL DISABILITY SYSTEM



Remaining are 3.83 FTE in FY 92 and 2.00 FTE in FY 93. All is funded through the General Fund.

#### DOWNSIZING OF MONTANA DEVELOPMENTAL CENTER

FTE	<u>FY 91</u>	<u>FY92</u>	<u>FY93</u>
GENERAL FUND	437.18	367.36	326.31
	13,419,976	10,925,221	9,959,544

The goal of the Department of Institutions in phase IV of Montana Developmental Disabilities Service System (MDDSS) plan for FY 92 and 93, is to attain a specialization of MDC services to conform with the long range mission defined in the MDDSS Action Plan.

In order to meet that goal, MDC must maintain Medicaid certification standards, reduce the total resident population, narrow the definition of individuals with developmental disabilities who should be served at the facility, reorganize staffing patterns to accommodate these changes, and physically restructure the MDC campus.

During FY 1992, an additional 30 MDC residents will be placed into community services further reducing MDC to an average daily population (ADP) of between 100 to 110 residents. ADP projections also include additional admissions to the facility. MDC FTE will be reduced to 367.36 in FY 92 and 326.31 in FY 93. This represents a reduction of 128.41 FTEs from the FY 1990 actual level of 456.72. The majority of MDC projected savings will result from these FTE reductions. Total budget request at MDC for FY 1992 is \$10,925,221 and \$9,959,544 in FY 1993. This represents a significant savings from the FY 1991 appropriated level of \$13,419,976.

# MONTANA VETERANS' HOME PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr Recommended	Base	Fiscal 1993 Incr/Decr Recommended	
Full Time Equivalent Employees	86.40	85.89	85.89	-1.00	84.89	-1.00	84.89
Personal Services	1,788,264.43	2,021,105	1,975,387	-13,676	1,961,711	-16,097	1,969,218
Operating Expenses	598,171.27	618,776	629,523	23,818	653,341	26,347	668,911
Equipment	789.95	2,000	5,827	-24	5,803	0	5,827
Total Agency Costs	<u>\$2,387,225.65</u>	<u>\$2,641,881</u>	<u>\$2,610,737</u>	<u>\$10,118</u>	<u>\$2,620,855</u>	<u>\$10,250</u>	<u>\$2,643,956</u>
General Fund	512,479.51	784,913	838,301	-116,206	722,095	-150,078	711,192
State Special Revenue Fund	1,104,733.18	1,061,056	1,033,656	95,093	1,128,749	129,097	1,162,753
Federal Special Revenue Fund	770,012.96	795,912	738,780	31,231	770,011	31,231	770,011
Total Funding Costs	<u>\$2,387,225.65</u>	<u>\$2,641,881</u>	<u>\$2,610,737</u>	<u>\$10,118</u>	<u>\$2,620,855</u>	<u>\$10,250</u>	<u>\$2,643,956</u>

## OVERVIEW

The Montana Veterans' Nursing Home Program is managed under the Special Services Division and provides domiciliary and nursing care to honorably discharged veterans, and if space is available, to veterans' spouses. The Montana Veterans' Home Program includes the Montana Veterans' Home, operated in Columbia Falls, Montana, and a proposed Eastern Montana Veterans' Nursing Home facility (up to 100 beds) to operate in Glendive, MT.

## GOALS

- To provide quality nursing and domiciliary care for veterans and veterans' spouses, through compliance with federal and state Medicaid certification requirements for nursing facilities and Veterans Administration standards for nursing and domiciliary care.
- To provide ongoing administration, management, leadership, policy direction and staff support to the facility.

## AUTHORIZATION

10-2-401, MCA Montana Veterans' Home

38 USC 641-DVA Reimbursement to State Home and DVA Inspection Standards

42CFR, Part 405  
et al.

38 USC 5031  
Home et seq.

HB 547

HB 202

## BASE PROGRAM

The Montana Veterans Home in Columbia Falls is a 151 bed facility which provides 90 beds for intermediate care nursing services and 61 beds for domiciliary services.

Glendive is the proposed site for the Eastern MT Veterans' Home (EMVH). Since the Department received written notification from the Dept. of Veterans Affairs that FY91 construction funding would not be available for the EMVH, no operational funding is necessary in the FY 92-93 budget.

Medicare and Medicaid:

Requirements for Long Term Care Facilities.

State Home Facilities for Furnishish Domiciliary, Nursing & Hospital Care. Described requirements for DVA grants for construction of state veteran's homes.

Act to establish a state nursing home for veterans, not to exceed 100 beds in Eastern Montana.

Act to increase the cigarette tax by 2 cents to provide funds to study site selection process and construction of Eastern Montana Veterans Home.

## BASE FUNDING

The Montana Veterans Home Program is funded by three sources: State General Fund, State Special Revenues which are primarily from board bills paid by members, and Federal Revenue which is reimbursement received from the Department of Veterans' Affairs for the care provided to veterans.

## Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Days of care				
Nursing	31,685	30,295	31,025	31,025
Domiciliary	13,928	17,885	13,505	13,505
Total care days	45,613	48,180	44,530	44,530
ADP	125	132	122	122
Admissions				
Domiciliary	13	13	13	13
Nursing	30	34	34	34
Total care days	43	47	47	47
Preparation of multidisciplinary plans				
Domiciliary	76	74	74	74
Nursing	347	366	366	366
Total care days	423	414	414	414
Limited number of inspection deficiencies				
DVA	13%	<10%	<10%	>10%
DHES	8%	<10%	<10%	>10%





